OUDTSHOORN
MUNICIPALITY

FINANCIAL STATEMENTS

30 JUNE 2014

OUDTSHOORN LOCAL MUNICIPALITY

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OUDTSHOORN MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

Oudshoorn Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality WC045 (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

CATEGORY OF MUNICIPALITY

Grade 3

JURISDICTION

The Oudshoorn Municipality includes the following areas:
Oudtshoorn, Dysselsdorp, De Rust, Volmoed, De Hoop

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	G April
Deputy Executive Mayor	VM Donson
Executive Councillor	N Gunguluza
Executive Councillor	L Stalmeester
Executive Councillor	Z G Phillips
Executive Councillor	E N Ngalo
Executive Councillor	C J Wagenaar
Speaker	JNH Stoffels

MUNICIPAL MANAGER

R Lottering (Acting)

CHIEF FINANCIAL OFFICER

F Human (Acting)

REGISTERED OFFICE

PO Box 255
Oudshoorn
6625

AUDITORS
Office of the Auditor General
Private Bag X1
CHEMPET
7442

PRINCIPLE BANKERS

STANDARD BANK

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

OUDTSHOORN MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

MEMBERS OF THE OUDTSHOORN MUNICIPALITY

Ward	Councillor
1	J Le Roux Krowitz
2	P Nel
3	D de Jager
4	N Gunguluza
5	S Biljohn
6	V Williams
7	PL Roberts
8	EN Ngalo
9	G April
10	L Stalmeester
11	RR Wildschut
12	DJ Fourie
13	J Harmse
Proportional	J Stoffels
Proportional	M Wagenaar
Proportional	E Fortuin
Proportional	DV Donson
Proportional	C Mac Pherson
Proportional	F Magxaka
Proportional	J Maxim
Proportional	M Titus
Proportional	G Phillips
Proportional	IV v/d Westhuizen
Proportional	B van Wyk
Proportional	C Wagenaar

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act, which I have signed on behalf of the Municipality.

The Accounting Officer **Date**

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014	2013 (Restated)
		R	R
NET ASSETS AND LIABILITIES			
Net Assets		**460,231,538**	**477,686,154**
Accumulated Surplus/(Deficit)		460,231,538	477,686,154
Non-Current Liabilities		**230,742,915**	**232,342,605**
Long-term Liabilities	**2**	80,587,698	92,219,228
Employee benefits	**3**	75,490,883	68,652,012
Non-Current Provisions	**4**	74,664,334	71,471,365
Current Liabilities		**97,966,257**	**84,733,775**
Consumer Deposits	**5**	6,073,902	5,488,905
Current Employee benefits	**6**	14,194,892	13,499,907
Current Portion of Provisions	**7**	5,225,606	5,313,478
Payables from exchange transactions	**8**	43,792,393	31,786,673
Unspent Conditional Government Grants and Receipts	**9**	12,478,636	12,524,018
Current Portion of Long-term Liabilities	**2**	16,200,827	16,120,793
Total Net Assets and Liabilities		**788,940,710**	**794,762,533**
ASSETS			
Non-Current Assets		**704,455,446**	**681,670,044**
Property, Plant and Equipment	**12**	608,699,457	585,218,176
Investment Property	**16**	86,682,337	87,095,177
Intangible Assets	**17**	290,792	378,054
Capitalized Restoration Cost	**15**	8,782,859	8,978,636
Current Assets		**84,485,263**	**113,092,489**
Inventory	**18**	1,362,853	1,369,784
Assets held for sale	**13**	260,897	315,224
Receivables from exchange transactions	**19**	54,006,321	46,762,549
Receivables from non-exchange transactions	**20**	15,350,469	42,925,953
Unpaid Conditional Government Grants and Receipts	**9**	5,286,351	981,375
Operating Lease Asset	**21**	70,519	53,949
Taxes	**11**	4,769,596	3,709,050
Cash and Cash Equivalents	**22**	3,378,257	16,974,605
Total Assets		**788,940,710**	**794,762,533**

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 (Actual) R	2013 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		**181,523,340**	**161,129,033**
Taxation Revenue		**50,065,106**	**46,824,282**
Property taxes	**23**	50,065,106	46,824,282
Transfer Revenue		**125,701,153**	**112,029,992**
Government Grants and Subsidies- Capital	**24**	40,421,361	37,658,684
Government Grants and Subsidies-Operating	**24**	85,159,792	71,819,042
Public Contributions and Donations		120,000	364,374
Contributed/ Donated PPE	**25**	-	2,187,892
Other Revenue		**5,757,081**	**2,274,759**
Third Party Payments		-	162,966
Fines		4,945,950	925,657
Gain on disposal of Investment Property		48,200	1,186,135
Reversal of impairments		28,712	-
Actuarial Gains		734,219	-
Revenue from Exchange Transactions		**252,740,411**	**237,186,899**
Service Charges	**26**	225,913,171	215,934,153
Rental of Facilities and Equipment		2,466,680	2,249,950
Interest Earned - external investments		1,527,953	1,400,914
Interest Earned - outstanding debtors		6,415,641	5,313,211
Agency Services		4,135,980	4,316,204
Other Income	**27**	12,280,985	7,972,467
Total Revenue		**434,263,751**	**398,315,932**
EXPENDITURE			
Employee related costs	**28**	153,370,355	142,339,022
Remuneration of Councillors	**29**	8,335,730	7,196,674
Debt Impairment	**30**	14,340,112	12,954,563
Depreciation and Amortisation	**31**	20,494,140	18,849,707
Impairments	**32**	-	12,997,539
Assets written-off		104,384	1,370,195
Repairs and Maintenance		16,466,120	16,776,617
Actuarial losses	**3**	52,834	8,466,427
Finance Charges	**33**	14,545,222	12,833,566
Bulk Purchases	**34**	114,059,489	106,574,711
Contracted services		21,769,000	15,398,765
General Expenses	**35**	88,180,981	68,439,852
Total Expenditure		**451,718,367**	**424,197,638**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(17,454,616)**	**(25,881,706)**

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Accumulated Surplus/ (Deficit)	Total
	R	R
2012		
Balance at 30 JUNE 2012	**456,325,496**	**456,325,496**
Correction of error (refer note 36.2)	47,242,364	47,242,364
Restated Balance at 30 JUNE 2012	**503,567,860**	**503,567,860**
2013		
Net Deficit for the year	(25,881,706)	(25,881,706)
Restated Balance at 30 JUNE 2013	**477,686,154**	**477,686,154**
2014		
Net Deficit for the year	(17,454,616)	(17,454,616)
		-
Balance at 30 JUNE 2014	**460,231,538**	**460,231,538**

OUDTSHOORN LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30 JUNE 2014 R	30 JUNE 2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		300,537,285	263,772,903
Government - operating		85,159,792	71,819,042
Government - capital		40,421,361	37,658,684
Interest		7,943,594	6,714,125
Payments			
Suppliers and employees		(378,893,969)	(350,689,846)
Finance charges	**33**	(14,545,222)	(12,833,566)
Cash generated by operations	**37**	**40,622,841**	**16,441,342**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**12**	(43,342,993)	(45,804,860)
Disposal of Property, Plant and Equipment		112,000	1,186,135
Purchase of Intangible Assets		(21,697)	(257,996)
Net Cash from Investing Activities		**(43,252,690)**	**(44,876,721)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(11,675,104)	(5,801,054)
New loans raised		123,608	35,307,799
Increase in Consumer Deposits		584,997	338,762
Net Cash from Financing Activities		**(10,966,499)**	**29,845,507**
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		**(13,596,348)**	**1,410,127**
Cash and Cash Equivalents at the beginning of the year		16,974,605	15,564,478
Cash and Cash Equivalents at the end of the year	**38**	3,378,257	16,974,605
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		**(13,596,348)**	**1,410,127**

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

Items on the Statement of Financial position varies with the actuals mainly due to the fact that the municipality not having actual audited figures available when compiling the Financial Position budget . It is also difficult to project what the outcome of Provisions will be due to the fact that the services of professional actuaries are only used at year end to perform calculations. It would cost the municipality additional funds to request these professionals for projected figures to assist with the budget.

Determination of unspent/unpaid grants and creditors at the time of the budget is difficult due to the fact that this is linked to the actual performance of the municipality during the year. The availability of cash on hand also plays a role and is difficult to determine at the start of the financial year.

The accounting treatment of some of the items in the Statement of Financial Position is also one of the reasons for the variances,i.e the recognition of an operating lease asset will only take place at year end and will therefor not be budgeted for. The same applies for assets held for sale and intangible assets.

The only relevant comparison in the Statement of Financial Position will be the Capital budgeted vs actual expenditure which is disclosed below.

CAPITAL EXPENDITURE - VOTE	**2014 Actual R**	**2014 Budget R**	**2014 Variance R**	**2014 % Variance**
Vote 1 - EXECUTIVE & COUNCIL	15,437	15,500	63	0%
Vote 2 - FINANCE & ADMIN	69,377	61,000	(8,377)	14%
Vote 3 - PLANNING & DEVELOPMENT	4,752,867	5,402,807	649,940	-12%
Vote 5 - COMMUNITY & SOCIAL SERVICES	5,998	-	(5,998)	100%
Vote 9 - ROAD TRANSPORT	7,682,594	4,532,322	(3,150,272)	70%
Vote 10 - WASTE WATER MANAGEMENT	6,723,882	6,858,616	134,734	-2%
Vote 11 - WATER	20,150,423	23,834,297	3,683,874	-15%
Vote 12 - ELECTRICITY	2,617,943	3,000,000	382,057	-13%
TOTAL	**42,018,521**	**43,704,542**	**1,686,021**	**4%**
FUNDING SOURCE				
NATIONAL GOVERNMENT	32,680,531	35,978,042	3,297,511	-9%
PROVINCIAL GOVERNMENT	3,707,528	4,000,000	292,472	-7%
BORROWING	5,492,918	3,650,000	(1,842,918)	50%
INTERNALLY GENERATED FUNDS	137,544	76,500	(61,044)	80%
TOTAL CAPITAL FUNDING	**42,018,521**	**43,704,542**	**1,686,021**	**4%**

Detail on all material variances are provided in note 41.2

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	2014 Actual R	2014 Budget R	2014 Variance R	2014 % Variance
REVENUE				
Revenue from Non-exchange Transactions	**181,523,340**	**180,909,592**	**613,748**	**0%**
Taxation Revenue	**50,065,106**	**51,151,296**	**(1,086,190)**	**-2%**
Property taxes	50,065,106	51,151,296	(1,086,190)	-2%
Transfer Revenue	**125,701,153**	**125,763,000**	**(61,847)**	**0%**
Government Grants and Subsidies- Capital	40,421,361	39,932,000	489,361	1%
Government Grants and Subsidies-Operating	85,159,792	85,831,000	(671,208)	-1%
Public Contributions and Donations	120,000	-	120,000	100%
Other Revenue	**5,757,081**	**3,995,296**	**1,761,785**	**44%**
Fines	4,945,950	2,495,296	2,450,654	98%
Gain on disposal of Property, Plant and Equipment	48,200	1,500,000	(1,451,800)	-97%
Reversal of impairments	28,712	-	28,712	100%
Actuarial Gains	734,219	-	734,219	100%
Revenue from Exchange Transactions	**263,752,271**	**278,609,217**	**(14,856,946)**	**-5%**
Service Charges	225,913,171	244,667,321	(18,754,150)	-8%
Rental of Facilities and Equipment	2,466,680	2,243,547	223,133	10%
Interest Earned - external investments	1,527,953	2,451,000	(923,047)	-38%
Interest Earned - outstanding debtors	6,415,641	5,020,000	1,395,641	28%
Agency Services	15,147,840	15,767,500	(619,660)	-4%
Other Income	12,280,985	8,459,849	3,821,136	45%
Impairment of leases	-	-	-	-
Total Revenue	**445,275,611**	**459,518,809**	**(14,243,198)**	**-3%**
EXPENDITURE				
Employee related costs	153,370,355	140,125,271	13,245,084	9%
Remuneration of Councillors	8,335,730	8,132,497	203,233	2%
Debt Impairment	14,340,112	13,092,184	1,247,928	10%
Depreciation and Amortisation	20,494,140	21,638,173	(1,144,033)	-5%
Impairments	-	-	-	0%
Assets written-off	104,384	-	104,384	100%
Repairs and Maintenance	16,466,120	18,522,698	(2,056,578)	-11%
Actuarial losses	52,834	-	52,834	100%
Finance Charges	14,545,222	9,751,505	4,793,717	49%
Bulk Purchases	114,059,489	112,151,429	1,908,060	2%
Contracted services	21,769,000	18,366,838	3,402,162	19%
Agency Services	11,011,860	11,781,000	(769,140)	-7%
General Expenses	88,180,981	81,098,194	7,082,787	9%
Total Expenditure	**462,730,227**	**434,659,789**	**28,070,438**	**6%**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(17,454,616)**	**24,859,020**	**(42,313,636)**	**-170%**

Detail on all material variances are provided in note 41.1

For disclosure purposes and to conform to Generally Recognised Accounting Practice (GRAP) some individual accounts were classified differently on the statements than on the Annual Approved Budget. A reconciliation of differences are listed in note 41.3.

RECONCILIATION BETWEEN STATEMENT OF COMPARISON AND ACTUAL STATEMENT OF

Total Revenue	445,275,611
add: Revenue: Agency Services netted off	(11,011,860)
Total Revenue as per SOCI	**434,263,751**
Total Expenditure as per above	**462,730,227**
add: Revenue: Agency Services indicated seperately as expenditure	**(11,011,860)**
Total Expenditure as per SOCI	**451,718,367**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(17,454,616)**

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework , have been developed in accordance with paragraphs 7,11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the mentioned GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. This is as per the requirement of GRAP1.47. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is now effective, budget information required in terms of GRAP 24 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the guidelines issued by the ASB.

The budgets and the financial statements are not prepared on a fully comparable basis, the entity thus prepared a separate Statement of Comparison of Budget and Actual Amounts. All detail relating to GRAP 24 has been disclosed in the notes to the Annual Financial Statements. Where needed, the entity have prepared a reconciliation of the actual amounts on a comparable basis to the actual amounts presented in the financial statements. Where applicable a reason has been supplied where variances between actual and budget information is considered material.

1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
GRAP 18	**Segment Reporting** Information to a large extent is already included in the notes to the annual financial statements.	**Unknown**
GRAP 20	**Related Party Disclosures** Information to a large extent is already included in the notes to the annual financial statements.	**Unknown**
GRAP 32	**Service Concession Arrangements: Grantor** No significant impact is expected as the entity does not participate in significant concession transactions.	**Unknown**

GRAP 105	**Transfer of Functions Between Entities Under Common Control** No significant impact is expected as the entity does not participate in such business transactions.	**Unknown**
GRAP 106	**Transfer of Functions Between Entities Not Under Common Control** No significant impact is expected as the entity does not participate in such business transactions.	**Unknown**
GRAP 107	**Mergers** No significant impact is expected as the entity does not participate in such business transactions.	**Unknown**
GRAP 108	**Statutory receivables** Information to a large extent is already included in the notes to the annual financial statements.	**Unknown**

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

1.7. RESERVES

1.7.1 Capital Replacement Reserve (CRR)

If needed, in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

1.8 LEASES

1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at an amount equal to the fair value of the leased asset of, if lower, the present value of the sum of the minimum lease payments due in terms of the lease agreement. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease assets.

1.8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease liabilities.

1.9 GOVERNMENT GRANTS AND RECEIPTS

1.9.1 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9.2 Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.10 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.12 EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. Leave is non-vesting as per GRAP 25.14.

(d) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrued to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(e) Pension and Retirement Fund Obligations

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans. (see note 4.3 in the Financial Statements in this regard)

Short term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property,

plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

Infrastructure assets

Electricity

CLASS	ASSET TYPE	EXPECTED USEFUL LIFE
Low Voltage	LV Overhead Line	50
Low Voltage	LV Underground Cable	50
Low Voltage Network	Consumer Connection Cable	50
Low Voltage Network	Consumer Connection Point	15-30
Low Voltage Network	High Must Lighting	20
Low Voltage Network	Other Assets	15-30
Low Voltage Network	Pillar Box	40
Medium Voltage	Auto Recloser	45
Medium Voltage	Capacitor	31
Medium Voltage	Current Transformer	50
Medium Voltage	Distribution Transformer	50-61
Medium Voltage	Mini Substation	50
Medium Voltage	MV Overhead Line	10-52
Medium Voltage	MV Underground Cable	25-50
Medium Voltage	Ring Main Unit	45
Medium Voltage Substation	Auto Recloser	45
Medium Voltage Substation	Battery Tripping Unit	10.-21
Medium Voltage Substation	capacitor Bank	17
Medium Voltage Substation	Circuit Breaker	50
Medium Voltage Substation	Current Transformer	50
Medium Voltage Substation	Distribution Transformer	50-52
Medium Voltage Substation	Electrical Plant	30
Medium Voltage Substation	Metering Unit	45
Medium Voltage Substation	MV Switchgear	45
Medium Voltage Substation	Natural Earthing Resistor	50
Medium Voltage Substation	Other Assets	15-51
Medium Voltage Substation	Power Transformer	50
Medium Voltage Substation	Protection Panel	45
Medium Voltage Substation	Ring Main Unit	45-51
Medium Voltage Substation	Voltage Transformer	50

Water

Borehole	Civil structure	52-100
Borehole	Electrical Plant	15
Borehole	Mechanical Plant	5.-12
Borehole	Other Assets	30
Bulk Water Pipeline	Civil structure	30-55
Bulk Water Pipeline	Electrical Plant	17
Bulk Water Pipeline	Mechanical Plant	15-40
Bulk Water Pipeline	Other Assets	15-115

Bulk Water Pipeline	Pipes	60-100
Consumer Connections	Electrical Plant	50
Consumer Connections	Mechanical Plant	50
Dam	Civil structure	50-115
Dam	Electrical Plant	17
Dam	Mechanical Plant	15-115
Dam	Other Assets	15
Pump Station	Civil structure	21-115
Pump Station	Electrical Plant	15-30
Pump Station	Mechanical Plant	15-40
Pump Station	Other Assets	21-50
Reservoir	Civil structure	21-115
Reservoir	Electrical Plant	15-45
Reservoir	Mechanical Plant	15-115
Reservoir	Other Assets	15-70
Water Pipeline	Pipes	50-100
Water Treatment Works	Civil structure	21-50
Water Treatment Works	Electrical Plant	5.-31
Water Treatment Works	Mechanical Plant	15-50
Water Treatment Works	Other Assets	15-50
Weir	Civil structure	50-80
Weir	Electrical Plant	15-70
Weir	Mechanical Plant	15-50
Weir	Other Assets	30-80

Sanitation

CLASS	ASSET TYPE	EXPECTED USEFUL LIFE
Bulk Sewer Pipeline	Pipes	100
Pump station	Civil structure	50
Pump station	Electrical Plant	15-31
Pump station	Mechanical Plant	15-31
Pump station	Other Assets	15-30
Sewage Treatment Works	Civil structure	20-100
Sewage Treatment Works	Electrical Plant	15-45
Sewage Treatment Works	Mechanical Plant	15-50
Sewage Treatment Works	Other Assets	15-50
Sewer Pipeline	Pipes	50-100

Road Transport

CLASS	ASSET TYPE	EXPECTED USEFUL LIFE
Footpaths	Civil Structure	15-35
Parking Bays	Civil Structure	50-52

Road	Civil Structure	7-50
Road	Other Assets	10-50
Structure	Civil Structure	20-100
Taxi Rank	Civil Structure	50
Taxi Rank	Other Assets	15-50

Storm water

CLASS	ASSET TYPE	EXPECTED USEFUL LIFE
Channel	Civil Structure	5-52
Culvert	Civil Structure	50
Storm water Pipeline	Pipes	50-52

Community Assets

CLASS	EXPECTED USEFUL LIFE
Buildings	100
Recreation Facilities	20-30
Security	5
Halls	100
Libraries	100
Parks and gardens	15-20
Other Assets	15-20

Other Assets

CLASS	EXPECTED USEFUL LIFE
Buildings	100
Bicycles	3-4
Office Equipment	4-9
Furniture and fittings	5-8
Motor vehicles	5-20
Emergency equipment	5
Computer equipment	5-9
Workshop equipment	5-15
Trucks	5-32

Finance lease assets

CLASS	EXPECTED USEFUL LIFE
Office Equipment	3-5
Other assets	5

Finance lease assets are depreciated over the shortest period of the useful life of the asset or the term of the finance lease agreement.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.13.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13.5 Land and Buildings and Other Assets – Application of Deemed Cost (Directive 4)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.14 INTANGIBLE ASSETS

1.14.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- Arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

1.14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	5
Computer Software Licences	5
Storm Water Master Plan	20

1.14.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 Application of deemed cost (Directive 4)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.15. INVESTMENT PROPERTY

1.15.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Buildings are depreciated over 100 years.

1.15.3 De-recognition

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.4 Application of deemed cost - Directive 4

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.16. HERITAGE ASSETS

1.16.1 Initial Recognition

Heritage assets shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the heritage asset will flow to the entity, and
- the cost or fair value of the heritage asset can be measured reliably.

For the heritage asset to be recognised in accordance with the criteria above, it needs to be controlled by the entity as a result of past events. Even though the entity may be restricted from disposing of a heritage asset based on a stipulation imposed by, for example, a trust, statute or law, or from the transferor's stipulations, the heritage asset is still controlled by the entity when it is able to generate future economic benefits or service potential from the asset. Accordingly, the entity recognises the heritage asset when the recognition criteria is met.

Future economic benefits or service potential flowing from a heritage asset may include revenue, for example an entrance fee charged by a museum. The revenue generated by the entity under such circumstances is normally insignificant compared to the operating costs of the museum and will not result in accounting for the heritage asset as an investment property. The revenue generated is rather used towards the maintenance of the heritage asset. The heritage asset should, however, be accounted for in terms of this Standard as the heritage value attached to the specific asset constitutes its service potential.

If an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

The cost of a heritage asset is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit, unless such interest is recognised in the carrying amount of the heritage asset in accordance with the Standard of GRAP on *Borrowing Costs*.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, Heritage assets are measured at cost less any accumulated impairment losses.

1.16.3 De-recognition

Heritage assets are derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.4 Transitional period

The entity has made use of the three year transitional period and will comply with the requirements of GRAP 103 by 30 June 2015. If it is deemed applicable.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.17.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the following approach:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.18 NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.19 INVENTORIES

1.19.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business, unless they are to be distributed. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.20 NON- CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1. 21*.1 Initial Recognition*

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1. 21.*2 Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1. 21.*2.1* *Receivables*

Receivables are classified as financial instruments at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1. 21.*2.2* *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.* 21*.2.3 *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.* 21*.3 De-recognition of Financial Instruments

1.* 21*.3.1 *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.* 21*.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1. 21*.4 Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

22 REVENUE

1.22.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fines are recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at

its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future

receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.23 BORROWING COST

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.24 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

(a) Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and

- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

(b) Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.25 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.29 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-Retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Provision for Task Implementation and Back Pay

The provision at 30 June 2012 for Task Implementation represents the municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

The provision at 30 June 2012 for Back Pay represents the municipality's obligation towards Section 57 Directors as a result of an amendment in their employment contracts. The calculation was based actual remuneration paid versus the requirements of the amended packages.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.30 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.32 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non- adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.33 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

		2014 R	2013 R
2	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	94,891,920	105,280,372
	Capitalised Lease Liability - At amortised cost	1,896,605	3,059,650
	Previously reported	-	3,026,671
	Prior Period error refer note 36	-	32,979
		96,788,525	**108,340,021**
	Current Portion transferred to Current Liabilities	**(16,200,827)**	**(16,120,793)**
	Annuity Loans - At amortised cost	(15,068,476)	(14,848,433)
	Capitalised Lease Liability - At amortised cost	(1,132,351)	(1,272,361)
	Previously reported	-	(1,239,382)
	Prior Period error refer note 36	-	(32,979)
		80,587,698	**92,219,228**
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**80,587,698**	**92,219,228**

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:	**Minimum annuity payments**	
Amounts payable under annuity loans:		
Payable within one year	29,085,598	29,489,998
Payable within two to five years	66,066,247	70,971,406
Payable after five years	50,990,357	65,988,432
	146,142,202	166,449,836
Less: Future finance obligations	(51,250,282)	(61,169,465)
Present value of annuity obligations	**94,891,920**	**105,280,372**

Annuity loans at amortised cost are calculated between 10.07% and 15.67% interest rate, with the first maturity date on 31 March 2014 and the last maturity date on 30 June 2027.

The obligations under finance leases are scheduled below:	**Minimum lease payments**	
Amounts payable under finance leases:		
Payable within one year	1,264,205	1,505,325
Payable within two to five years	809,193	1,945,097
Payable after five years	-	-
	2,073,398	3,450,422
Less: Future finance obligations	(176,793)	(390,772)
Present value of lease obligations	**1,896,605**	**3,059,649**

Leases are secured by property, plant and equipment - Note

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

General description of material lease arrangements:

Motor vehicles		1,744,485	2,887,635
Basis of contingent rent:	No contingent rent component.		
Renewal or purchases options:	All assets are returned to the lessee.		
Escalation:	Instalments are fixed.		
Restrictions:	None specified.		
Further leasing:	No further leasing.		
Printing equipment		152,120	172,014
Basis of contingent rent:	No contingent rent component.		
Renewal or purchases options:	All assets are returned to the lessee.		
Escalation:	Instalments are fixed.		
Restrictions:	None specified.		
Further leasing:	Assets are leased at current contract rates until new contracts are concluded to acquire new replacement assets.		
		1,896,605	**3,059,649**

		2014 R	2013 R
3	**EMPLOYEE BENEFITS**		
	Post Retirement Benefits - Refer to Note 3.1	69,894,334	63,482,593
	Long Service Awards - Refer to Note 3.2	5,596,549	5,169,419
	Total Non-current Employee Benefit Liabilities	**75,490,883**	**68,652,012**
	Post Retirement Benefits		
	Balance 1 July	65,471,425	52,741,329
	Contribution for the year	(1,988,832)	(1,793,484)
	Interest Cost	5,644,752	4,057,462
	Current Service Cost	3,613,916	2,269,822
	Actuarial Loss/(Gain)	(734,219)	8,196,296
	Total post retirement benefits 30 June	**72,007,042**	**65,471,425**
	Less: Transfer of Current Portion - Note 6	(2,112,708)	(1,988,832)
	Balance 30 June	**69,894,334**	**63,482,593**
	Long Service Awards		
	Balance 1 July	5,850,239	5,157,777
	Contribution for the year	(680,824)	(569,369)
	Interest Cost	402,610	316,060
	Expenditure for the year	664,867	675,640
	Actuarial Loss/(Gain)	52,834	270,131
	Total long service 30 June	**6,289,726**	**5,850,239**
	Less: Transfer of Current Portion - Note 6	(693,177)	(680,820)
	Balance 30 June	**5,596,549**	**5,169,419**
	TOTAL NON-CURRENT EMPLOYEE BENEFITS		
	Balance 1 July	71,321,664	57,899,106
	Contribution for the year	(2,669,656)	(2,362,853)
	Interest cost	6,047,362	4,373,522
	Expenditure for the year	4,278,783	2,945,462
	Actuarial Loss/(Gain)	(681,385)	8,466,427
	Total employee benefits 30 June	**78,296,768**	**71,321,664**
	Less: Transfer of Current Portion - Note 6	(2,805,885)	(2,669,652)
	Balance 30 June	**75,490,883**	**68,652,012**
3.1	**Post Retirement Benefits**		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	295	316
	In-service (employee) Non members	281	324
	Continuation members (e.g. Retirees, widows, orphans)	76	82
	Total Members	**652**	**722**
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	32,783,773	27,266,049
	In-service non members	8,530,885	8,590,329
	Continuation members	30,692,384	29,615,047
	Total Liability	**72,007,042**	**65,471,425**
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		

	2014 R	2013 R
	2012 R	**2011 R**	**2010 R**
In-service members	24,923,212	20,155,009	14,647,811
Continuation members	27,818,117	31,130,374	22,193,625
Total Liability	**52,741,329**	**51,285,383**	**36,841,436**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Hosmed
Samwumed; and
Keyhealth.

Key actuarial assumptions used:	2014	2013
i) Rate of interest		
Discount rate	9.03%	8.75%
Health Care Cost Inflation Rate	8.22%	7.61%
Net Effective Discount Rate	0.75%	1.06%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	72,007,042	65,471,425
Net liability/(asset)	**72,007,042**	**65,471,425**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	65,471,425	52,741,329
Total expenses	7,269,836	4,533,800
Current service cost	(1,988,832)	(1,793,484)
Interest Cost	5,644,752	4,057,462
Benefits Paid	3,613,916	2,269,822
Actuarial (gains)/losses	(734,219)	8,196,296
Present value of fund obligation at the end of the year	72,007,042	65,471,425
Less: Transfer of Current Portion - Note 6	(2,112,708)	(1,988,832)
Balance 30 June	**69,894,334**	**63,482,593**

Sensitivity Analysis on the Accrued Liability

Assumption	**In-service members liability (Rm)**	**Continuation members liability (Rm)**	**Total liability (Rm)**
Central Assumptions	41.315	30.692	72.007

The effect of movements in the assumptions are as follows:

Assumption	**Change**	**In-service members liability (Rm)**	**Continuation members liability (Rm)**	**Total liability (Rm)**	**% change**
Health care inflation	1%	50.386	34.031	84.417	17%
Health care inflation	-1%	34.182	27.809	61.991	-14%
Discount Rate	1%	34.285	27.851	62.136	-14%
Discount Rate	-1%	50.406	34.039	84.445	17%
Post-retirement mortality	-1 year	42.717	31.932	74.649	4%
Average retirement age	-1 year	44.885	30.692	75.577	5%
Withdrawal Rate	-10%	35.116	30.692	65.808	-9%

	2014 R	2013 R
3.2 Long Service Bonuses		
The Long Service Bonus plans are defined benefit plans.		
As at year end, the following number of employees were eligible for Long Service Bonuses.	576	604
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	7.98%	7.30%
General Salary Inflation (long-term)	7.12%	6.78%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.80%	0.49%
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	6,289,726	5,850,239
Net liability	**6,289,726**	**5,850,239**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 R	2011 R	2010 R
Total Liability	5,157,777	4,248,027	2,881,014

Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	5,850,239	5,157,777
Total expenses	386,653	422,331
Benefits vested	(680,824)	(569,369)
Interest Cost	402,610	316,060
Current service cost	664,867	675,640
Actuarial (gains)/losses	52,834	270,131
Present value of fund obligation at the end of the year	6,289,726	5,850,239
Less: Transfer of Current Portion - Note 6	(693,177)	(680,820)
Balance 30 June	**5,596,549**	**5,169,419**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% change
Central assumptions		6.290	
General salary inflation	1%	6.716	7%
General salary inflation	-1%	5.903	-6%
Discount Rate	1%	5.883	-6%
Discount Rate	-1%	6.747	7%
Average retirement age	-2yrs	5.339	-15%
Average retirement age	2yrs	7.298	16%
Withdrawal rates	-50%	7.528	20%

3.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans. All requirements disclosed has been made as defined in GRAP 25.31

		2014 R	2013 R
	CAPE JOINT PENSION FUND		
	The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in an sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%).		
	Contributions paid recognised in the Statement of Financial Performance	57,074	108,231
	CAPE RETIREMENT FUND		
	The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108% (30 June 2011 - 116.9%).		
	Contributions paid recognised in the Statement of Financial Performance	15,766,996	14,752,464
	Contributions paid recognised in the Statement of Financial Performance		
	Municipal Councillors Pension Fund	-	-
	Oudtshoorn Municipal Workers Annuity Fund	4,430,607	4,629,913
	Cape Joint Retirement Fund for Councillors	452,243	408,301
		4,882,850	5,038,214
4	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	74,664,334	71,471,365
	Total Non-current Provisions	**74,664,334**	**71,471,365**
	Landfill Sites		
	Balance 1 July	76,784,843	72,244,150
	Contribution for the year	3,105,097	4,540,693
	Total provision 30 June	**79,889,940**	**76,784,843**
	Less: Transfer of Current Portion to Current Provisions - Note 7	(5,225,606)	(5,313,478)
	Balance 30 June	**74,664,334**	**71,471,365**
	The landfill sites consist of the following solid waste disposal sites with a remaining useful life of:		
		No of Years	**No of Years**
	Grootkop Landfill	41	42
	Dysselsdorp Landfill	1	2
	De Rust Landfill	1	2
	The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 6.85% (2013: 6.25%) , over the expected useful lives as indicated above.)		
	The estimation of the current liability to rehabilitate the landfill sites were performed by Jan Palm Consulting Engineering CC. Jan Palm Consulting Engineering CC are not connected to the municipality.		
	The current CPI rate is 6.6% (2013: 6%), it was estimated that no significant increase or decrease in the rate can be assumed in this calculation, however if fluctuations in the rate were incorporated into the calculation it is expected that the effect will be negligible.		
5	**CONSUMER DEPOSITS**		
	Electricity	2,925,931	2,585,830
	Water	3,147,971	2,903,075
	Total Consumer Deposits	**6,073,902**	**5,488,905**
	Guarantees held in lieu of Electricity and Water Deposits	-	-
	The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.		

		2014 R	2013 R
6	**CURRENT EMPLOYEE BENEFITS**		
	Current Portion of Post Retirement Benefits - Note 3	2,112,708	1,988,832
	Current Portion of Long-Service Provisions - Note 3	693,177	680,820
	Staff Leave	7,346,552	6,989,258
	Bonuses	3,595,812	3,360,941
	TASK Evaluation	446,643	480,056
	Total Current Employee Benefits	**14,194,892**	**13,499,907**
	The movement in current employee benefits are reconciled as follows:		
	Staff Leave		
	Balance at beginning of year	6,989,258	6,045,522
	Contribution to current portion	900,019	1,523,482
	Expenditure incurred	(542,725)	(579,746)
	Balance at end of year	**7,346,552**	**6,989,258**
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
	Bonuses		
	Balance at beginning of year	3,188,297	2,837,692
	Contribution to current portion	6,491,761	5,962,220
	Expenditure incurred	(6,210,852)	(5,611,615)
	Balance at end of year	**3,469,206**	**3,188,297**
	Performance Bonuses		
	Balance at beginning of year	172,644	251,039
	Contribution to current portion	(46,038)	(78,395)
	Balance at end of year	**126,606**	**172,644**
	TASK Evaluation		
	Balance at beginning of year	480,056	4,538,519
	Contribution to current portion	-	-
	Expenditure incurred	(33,413)	(4,058,463)
	Balance at end of year	**446,643**	**480,056**
	The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive back pay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.		
7	**PROVISIONS**		
	Current Portion of Rehabilitation of Landfill-sites - Note 3	5,225,606	5,313,478
	Total Provisions	**5,225,606**	**5,313,478**
8	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade and other Payables	35,751,813	24,497,561
	Previously reported	-	26,296,775
	Prior period error refer note 36	-	(1,799,214)
	Pre-paid electricity	140,895	186,657
	Payments received in advance	4,224,948	4,063,590
	Previously reported		4,261,867
	Prior Period error refer note 36		(198,277)
	Retention fees	111,278	369,719
	Unallocated funds debtors	1,296,797	1,585,604
	Cango Caves advances	941,029	-
	Sundry Deposits	1,325,633	1,083,542
	Total Payables from Exchange Transactions	**43,792,393**	**31,786,673**
	Payables are being recognised net of any discounts.		
	Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary		
	The carrying value of trade and other payables approximates its fair value.		
	Sundry deposits include hall, builders and housing Deposits.		

		2014 R	2013 R
9	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	12,478,636	12,524,017
	National Government Grants	3,996,011	1,667,971
	Provincial Government Grants	8,320,785	10,694,205
	District Municipality	161,841	161,841
	Less: Unpaid Grants	5,286,351	981,375
	National Government Grants	981,375	981,375
	Provincial Government Grants	4,304,975	-
	Total Conditional Grants and Receipts	**7,192,286**	**11,542,642**
	See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
10	**UNSPENT PUBLIC CONTRIBUTIONS**		
	Tuiniqua Consulting Engineers	-	-
	Alpha aan den Rijn	-	-
	Klein Karoo Agri	-	-
	National Lottery	-	-
	Donation N.A. Smit	-	-
	Umsobombo Youth Fund	-	-
	Standard Bank Sport Development	-	-
	Total Unspent Public Contributions	**-**	**-**
	Reconciliation of public contributions		
	Opening balance	-	244,375
	Contributions received	120,000	-
	Conditions met - Transferred to revenue	(120,000)	(244,375)
	Closing balance	**-**	**-**
	Tuiniqua Consulting Engineers		
	Opening balance	-	111,200
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	(111,200)
	Closing balance	**-**	**-**
	An amount was conditionally donated towards a study bursary for an engineering student		
	Klein Karoo Agri		
	Opening balance	-	1,851
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	(1,851)
	Closing balance	**-**	**-**
	Donation towards the erection of a gravestone at the Suikerbult graveyard		
	National Lottery		
	Opening balance	-	14,020
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	(14,020)
	Closing balance	**-**	**-**
	Donation towards the upgrading of rural sport facilities		
	Donation N.A. Smit		
	Opening balance	-	117,303
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	(117,303)
	Closing balance	**-**	**-**
	Donation for a study bursary		
	Standard Bank Sport Development		
	Opening balance	-	-
	Contributions received	120,000	120,000
	Conditions met - Transferred to revenue	(120,000)	(120,000)
	Closing balance	-	**-**
11	**TAXES**		
11.1	**VAT PAYABLE**		
	VAT Payable	1,239,376	12,523,218
	Prior Period error refer note 36	-	(10,831,669)
	Total VAT payable	**1,239,376**	**1,691,549**
11.2	**VAT RECEIVABLE**		
	VAT Receivable	6,008,972	15,403,794
	Prior year correction	-	(10,003,195)
	Total VAT receivable	**6,008,972**	**5,400,599**
11.3	**NET VAT RECEIVABLE/(PAYABLE)**	**4,769,596**	**3,709,050**
	VAT is receivable/payable on the cash basis.		

	2014 R	2013 R

PPE NOTES PLEASE REPLACE

	2014 R	2013 R

PPE NOTES PLEASE REPLACE

		2014 R	2013 R
12	**PROPERTY, PLANT AND EQUIPMENT (Continued)**		
12.1	**Assets pledged as security:**		
	All the assets which are obtained by financial leases are pledged as security. See Annexure- A, for a comprehensive description		
12.2	**Effect of changes in accounting estimates**		
	Change in estimates in terms of GRAP 3 The useful life of some of the assets classified as " Other Assets" have been changed based on the conditional assessment done during the physical asset verification process.The effect of the adjustments is as follows:		
	Decrease in depreciation due to adjustments	**(5,233)**	**(20,211)**
	Depreciation after adjustments	34,137	102,035
	Depreciation before adjustments	39,371	122,246
12.2	Fully depreciated assets that was still in use at carrying value:	**-**	**32**
13	**NON CURRENT ASSETS HELD FOR SALE**		
	Six properties, that forms part of Land and Buildings and Investment properties were advertised with the intention to sell them in the past financial year. The properties could be utilised for business and/or mixed land use purposes.		
	Land and Buildings:	**61,117**	**61,117**
	PORTION OF THE REMAINDER OF ERF 980	51,225	51,225
	OUDTSHOORN, ERF 10413, PORTION , SUB 0 - 178177, M2	9,891	9,891
	Investment Properties	**199,780**	**254,108**
	DYSSELSDORP, ERF 612, PORTION , SUB 0 - 4252, M2	-	54,327
	OUDTSHOORN, ERF 51, PORTION , SUB 0 - 360707, M2	161,367	161,367
	DYSSELSDORP, ERF 2481, PORTION , SUB 0 - 3587, M2	36,166	36,166
	OUDTSHOORN, ERF 130, PORTION , SUB 0 - 4336255, M2	2,011	2,011
	DYSSELSDORP, ERF 57,2058469, M2	236	236
	Non-current assets held for sale at end of year - at book value	**260,897**	**315,224**
14	**HERITAGE ASSETS**		
	GRAP 103 should be applied retrospectively. Previously, no prescriptive accounting requirements existed for heritage assets. Although GRAP 103 should be applied retrospectively, entities are granted a period of three years in which to measure their heritage assets. These transitional provisions are similar to those granted to medium and low capacity municipalities for other asset-related Standards. Entities would need to develop a policy for distinguishing heritage and other assets such as property, plant and equipment, investment properties, inventories, intangible assets etc., and apply this policy in identifying heritage assets that are to be included in the asset register.		
	The potential heritage assets identified consist of but are not limited to:		
	CP Nel Museum Building The building reflects a late Victorian Colonial style of a classical building. In 1980 the building complex was declared a National Monument.		
15	**CAPITALISED RESTORATION COST**		
	Net Carrying amount at 1 July	**8,978,636**	**9,300,313**
	Cost	15,792,641	15,792,641
	Accumulated Depreciation	(6,335,041)	(6,107,781)
	Accumulated Impairments	(478,964)	(384,547)
	Movement	**(195,777)**	**(321,676)**
	Depreciation for the year	(224,489)	(227,259)
	Impairment	28,712	(94,417)
	Net Carrying amount at 30 June	**8,782,859**	**8,978,636**
	Cost	15,792,641	15,792,641
	Accumulated Depreciation	(6,559,530)	(6,335,041)
	Accumulated Impairment	(450,252)	(478,964)

		2014 R	2013 R
16	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**87,095,177**	**87,752,652**
	Cost	89,113,592	89,367,700
	Accumulated Depreciation	(2,018,416)	(1,615,048)
	Assets sold during the year	(9,473)	-
	Transfer cost to non current assets held for sale	-	(254,108)
	Depreciation for the year	(403,367)	(403,367)
	Net Carrying amount at 30 June	**86,682,337**	**87,095,177**
	Cost	89,104,120	89,113,592
	Accumulated Depreciation	(2,421,783)	(2,018,416)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	2,466,680	2,765,074

		2014 R	2013 R
17	**INTANGIBLE ASSETS**		
	Computer Software		
	Net Carrying amount at 1 July	**378,054**	**191,669**
	Cost	889,678	631,682
	Accumulated Amortisation	(511,624)	(440,013)
	Additions	21,697	257,996
	Amortisation	(108,958)	(71,611)
	Net Carrying amount at 30 June	**290,792**	**378,054**
	Cost	911,375	889,678
	Accumulated Amortisation	(620,582)	(511,624)

The following material intangible assets are included in the carrying value above

		Carrying Value	
Description	Amortisation Period	2014 R	2013 R
Microsoft Office and Windows software	5	290,792	378,054

No intangible asset were assessed as having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

18	**INVENTORY**		
	Maintenance Materials - At cost	1,087,276	1,146,222
	Water – at cost	275,577	223,562
	Total Inventory	**1,362,853**	**1,369,784**
	Consumable stores materials written down due to losses as identified during the annual stores counts.	**-**	**-**
	Consumable stores materials surpluses identified during the annual stores counts.	**-**	**-**
	Inventory recognised as an expense during the year	**1,178,958**	**781,682**

		2014 R	2013 R
19	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	14,310,907	16,320,223
	Water	27,325,622	24,424,233
	Previously reported	-	24,225,956
	Prior Period error refer note 36	-	198,277
	Refuse	16,454,245	13,458,472
	Klein Karoo Water scheme	4,197,950	3,580,299
	Sewerage	18,435,029	15,101,682
	Payments received in advance	4,079,467	3,524,064
	Previously reported	-	3,722,341
	Prior Period error refer note 36	-	(198,277)
	Units not billed	4,867,533	3,756,619
	Housing Rentals	706	570
	Other	14,173,959	5,691,531
	Total Receivables from Exchange Transactions	**103,845,417**	**85,857,693**
	Less: Allowance for Impairment	(49,839,096)	(39,095,144)
	Total Net Receivables from Exchange Transactions	**54,006,321**	**46,762,549**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	9,005,114	10,618,285
31 - 60 Days	391,541	495,658
61 - 90 Days	248,836	376,737
+ 90 Days	4,665,417	4,829,543
Total	**14,310,907**	**16,320,223**

(Water): Ageing

Current (0 - 30 days)	1,071,507	2,049,990
31 - 60 Days	884,722	1,195,834
61 - 90 Days	778,035	1,032,500
+ 90 Days	24,591,358	20,145,909
Total	**27,325,622**	**24,424,233**

(Refuse): Ageing

Current (0 - 30 days)	1,222,901	890,841
31 - 60 Days	308,681	298,905
61 - 90 Days	263,560	261,526
+ 90 Days	14,659,103	12,007,200
Total	**16,454,245**	**13,458,472**

(Klein Karoo Water Scheme): Ageing

Current (0 - 30 days)	528,661	531,644
31 - 60 Days	136,702	102,572
61 - 90 Days	107,112	91,758
+ 90 Days	3,425,475	2,854,325
	4,197,950	**3,580,299**
Total		

(Sewerage): Ageing

Current (0 - 30 days)	1,951,703	1,444,684
31 - 60 Days	406,519	409,738
61 - 90 Days	343,824	336,498
+ 90 Days	15,732,983	12,910,762
Total	**18,435,029**	**15,101,682**

(Payments received in Advance): Ageing

Current (0 - 30 days)	4,079,467	3,524,064
Total	**4,079,467**	**3,524,064**

(Units not billed): Ageing

Current (0 - 30 days)	4,867,533	3,756,619
Total	**4,867,533**	**3,756,619**

		2014 R	2013 R
19	**RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)**		
	(Rent): Ageing		
	+ 90 Days	706	570
	Total	**706**	**570**
	(Other): Ageing		
	Current (0 - 30 days)	801,612	200,036
	31 - 60 Days	68,997	31,494
	61 - 90 Days	46,283	16,537
	+ 90 Days	13,257,066	5,443,464
	Total	**14,173,959**	**5,691,531**
	(Total): Ageing		
	Current (0 - 30 days)	23,528,498	23,214,442
	31 - 60 Days	2,197,161	2,534,200
	61 - 90 Days	1,787,650	2,115,556
	+ 90 Days	76,332,107	57,993,495
	Total	**103,845,417**	**85,857,693**
	Reconciliation of Provision for Impairment		
	Balance at beginning of year	39,095,144	33,489,309
	Contribution to provision	10,743,952	11,225,977
	Bad Debts Written Off	-	(5,620,142)
	Balance at end of year	**49,839,096**	**39,095,144**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

Summary of receivables from exchange transactions by Customer Classification	**Current (0 - 30 days)**	**31 - 60 Days**	**61 - 90 Days**	**+ 90 Days**
as at 30 June 2014				
Residential	8,789,993	2,019,277	2,064,622	70,241,764
Business	4,396,739	129,518	70,128	2,621,123
Government	1,120,170	48,366	48,294	1,191,169
Other	9,221,495	-	-	1,882,758
	23,528,398	**2,197,161**	**2,183,044**	**75,936,814**
Total receivables by customer classification				**103,845,417**
as at 30 June 2013				
Residential	11,290,444	2,294,214	1,941,086	53,120,250
Business	5,271,984	182,132	146,309	2,740,253
Government	2,169,834	57,854	28,160	957,733
Other	3,774,680	-	-	1,882,758
	22,506,942	**2,534,200**	**2,115,556**	**58,700,995**
Total receivables by customer classification				**85,857,693**

Trade and other receivables past due but not impaired

The ageing of receivables from exchange transactions past due but not impaired is as follows:

Neither past due nor impaired		
Current (0-30 days)	23,528,498	23,214,442
Past due and not impaired		
1 month past due	2,197,161	2,534,200
2+ months past due	28,280,662	21,013,908
	54,006,321	**46,762,549**

		2014 R	2013 R
20	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**		
	Rates	18,194,196	16,110,788
	Other Receivables	6,594,990	32,657,722
	Payments in advance	145,481	539,526
	Cango Caves advances	-	16,985,607
	Previously reported	-	-
	Reallocation of Cango Caves advances	-	1,789,458
	Prior Period error refer note 36	-	(2,086,902)
	Correction of error refer note 36	-	17,283,051
	Suspense Debtors	6,449,508	15,132,589
	Previously reported	-	17,633,750
	Correction of error refer note 36	-	(711,703)
	Reallocation of Cango Caves advances	-	(1,789,458)
	Total Receivables from Non-Exchange Transactions	**24,789,186**	**48,768,510**
	Less: Allowance for Impairment	(9,438,716)	(5,842,557)
	Total Net Receivables from Non-Exchange Transactions	**15,350,469**	**42,925,953**
	Ageing of Receivables from Non-Exchange Transactions:		
	(Rates): Ageing		
	Current (0 - 30 days)	3,371,323	3,218,337
	31 - 60 Days	534,521	589,340
	61 - 90 Days	439,740	456,107
	+ 90 Days	13,848,612	11,847,004
	Total	**18,194,196**	**16,110,788**
	Reconciliation of Provision for Impairment		
	Balance at beginning of year	5,842,557	5,854,128
	Contribution to provision	3,596,159	1,728,586
	Bad Debts Written Off	-	(1,740,157)
	Balance at end of year	**9,438,716**	**5,842,557**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

Summary of receivables from non-exchange transactions by Customer Classification	**Current (0 - 30 days)**	**31 - 60 Days**	**61 - 90 Days**	**+ 90 Days**
as at 30 June 2014				
Residential	3,265,466	530,101	437,597	12,760,152
Business	113,234	4,365	2,087	319,568
Government	(7,377)	55	55	768,891
Other	-	-	-	-
	3,371,323	**534,521**	**439,740**	**13,848,612**
Total receivables by customer classification				**18,194,196**
as at 30 June 2013				
Residential	3,406,013	570,900	452,666	10,626,523
Business	111,990	17,341	2,775	254,510
Government	19,304	411	52	648,304
Other				
	3,537,307	**588,652**	**455,492**	**11,529,336**
Total receivables by customer classification				**16,110,788**

Trade and other receivables past due but not impaired		
The ageing of receivables from non exchange transactions past due but not impaired is as follows:		
Neither past due nor impaired		
Current (0-30 days)	3,516,805	3,757,863
Past due and not impaired		
1 month past due	534,521	588,652
2+ months past due	11,299,143	38,579,437
	15,350,469	**42,925,953**

		2014 R	2013 R
21	**OPERATING LEASE ARRANGEMENTS**		
21.1	**The Municipality as Lessee (Liability)**		
	Balance on 1 July	-	-
	Movement during the year	-	-
	Balance on 30 June	**-**	**-**
21.2	**The Municipality as Lessor (Asset)**		
	Balance on 1 July (restated)	53,949	1,240,766
	Movement during the year	16,570	524,979
	Correction of error refer note 36	-	(1,711,796)
	Balance on 30 June	**70,519**	**53,949**
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	416,198	414,489
	1 to 5 Years	472,730	888,852
	More than 5 Years	-	76
	Total Operating Lease Arrangements	**888,928**	**1,303,418**
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for several purposes.		
22	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Investments Deposits	1,491,648	9,487,635
	Bank Accounts	1,876,075	7,476,436
	Cash Floats	10,534	10,534
	Total Cash and Cash Equivalents - Assets	**3,378,257**	**16,974,605**
	Liabilities		
	Primary Bank Account	-	-
	Total Cash and Cash Equivalents - Liabilities	-	-
	Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The municipality has the following bank accounts:		
	Current Accounts - Cash book balances		
	Standard Bank George-Account Number 082796068 (Primary Bank Account)	724,664	6,671,544
	Standard Bank George-Account Number 082795754 (Primary Bank Account)	1,111,191	575,757
	Standard Bank George-Account Number 082797331 (KKWS)	12,824	(105,964)
	Standard Bank George-Account Number 082795428 (Traffic Account)	27,397	335,098
		1,876,075	**7,476,436**
	Cash book balance at beginning of year	7,476,436	3,446,204
	Cash book balance at end of year	1,876,075	7,476,436
	Current Accounts - Bank statement balances		
	Standard Bank George-Account Number 082796068 (Primary Bank Account)		
	Bank statement balance at beginning of year	6,711,610	2,368,086
	Bank statement balance at end of year	781,629	6,711,610
	Standard Bank George-Account Number 082795754 (Primary Bank Account)		
	Bank statement balance at beginning of year	192,713	321,992
	Bank statement balance at end of year	545,407	192,713
	Standard Bank George-Account Number 082795428 (Traffic Account)		
	Bank statement balance at beginning of year	335,098	1,061,876
	Bank statement balance at end of year	27,397	335,098
	Standard Bank George-Account Number 082797331 (KKWS)		
	Bank statement balance at beginning of year	41,959	93,870
	Bank statement balance at end of year	12,749	41,959

		2014 R	2013 R
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	Nedbank Account nr 03/7881001143/000/122	-	5,006,507
	Absa Account nr 20-6768-1100	915,769	874,268
	Standard Account nr 488731232002/015	-	-
	Standard Account nr 488731232002/016	-	16,186
	Standard Account nr 488731232001	-	1,767,915
	FNB Account nr RU000105050 Income Plus	-	540,991
	FNB Account nr RU500675290	495,027	1,281,767
	Investec account nr 171058	25,724	-
	Investec account nr 1400-171058 450	55,127	-
		1,491,648	**9,487,635**
	The municipality is also exposed to a number of guarantees issued in favour of trade creditors.These guarantees are listed below		
	Guarantee held at Standard Bank of South Africa in the favour of ESKOM	409,100	409,100
	Guarantee held at Standard Bank of South Africa in the favour of Automated Fuel Systems.	200,000	200,000
		609,100	**609,100**
23	**PROPERTY RATES**		
	Actual		
	Rateable Land and Buildings	53,582,325	49,936,460
	Property taxes	53,582,325	49,936,460
	Less: Rebates	(3,517,219)	(3,112,178)
	Total Assessment Rates	**50,065,106**	**46,824,282**
	Valuations - 1 JULY 2012		
	Rateable Land and Buildings		
	Residential	4,246,586,110	4,241,321,000
	Business & Commercial	1,050,963,000	1,034,287,000
	Churches	167,806,000	167,376,000
	Government	622,975,000	622,980,000
	Pensioners	20,678,500	12,538,000
	Other	464,188,990	457,180,600
	Agricultural	1,049,732,000	1,044,907,000
	Total Assessment Rates	**7,622,929,600**	**7,580,589,600**
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012		
	Rates:		
	Residential	.806496c/R	.757273c/R
	Government	.107927c/R	.101341c/R
	Commercial	.107927c/R	.101341c/R
	Agricultural	.100812c/R	.094659c/R
	Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates.		
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
24	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants	**51,418,000**	**44,928,000**
	Equitable Share	45,958,000	43,034,000
	Water Affairs	5,460,000	1,894,000
	Conditional Grants	**74,163,154**	**64,549,726**
	Grants and donations	74,163,154	64,549,726
	Total Government Grants and Subsidies	**125,581,154**	**109,477,726**
	Government Grants and Subsidies - Capital	40,421,362	37,658,684
	Government Grants and Subsidies - Operating	85,159,792	71,819,042
		125,581,154	**109,477,726**
	The municipality does not expect any significant changes to the level of grants.		

		2014 R	2013 R
24.1	**Equitable share**		
	Grants received	45,958,000	43,034,000
	Conditions met - Operating	(45,958,000)	(43,034,000)
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
24.2	**Extended Public Works Program**		
	Opening balance	(965,113)	1,068,203
	Grants received	1,800,000	2,350,000
	Conditions met - Operating	(1,800,000)	(4,130,257)
	Conditions met - Capital	-	(253,059)
	Conditions still to be met	(965,113)	(965,113)
	Job creation projects in previous disadvantage areas		
24.3	**Finance Management Grant**		
	Opening balance	-	-
	Grants received	1,300,000	1,250,000
	Conditions met - Operating	(1,169,438)	(1,248,159)
	Conditions met - Capital	-	(1,841)
	Conditions still to be met	130,562	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.		
24.4	**Finance Management Support Grant**		
	Opening balance	250,000	-
	Grants received	75,000	250,000
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	325,000	250,000
	The Financial Management Support Grant was received from Provincial Treasury to assist with the implementation of Risk management and the procurement of software		
24.5	**Municipal Systems Improvement Grant**		
	Opening balance	-	-
	Grants received	890,000	800,000
	Conditions met - Operating	(890,000)	(800,000)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	-	-
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, paid by National Treasury.		
24.6	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	-	-
	Grants received	18,824,000	17,505,000
	Conditions met - Operating	(450,000)	(106,388)
	Conditions met - Capital	(18,345,064)	(17,398,612)
	Conditions still to be met	28,936	-
	The grant was used to upgrade infrastructure in previously disadvantaged areas, paid by National Treasury.		
24.7	**Housing Grants**		
	Opening balance	2,750,280	3,013,283
	Grants received	18,463,811	16,953,700
	Conditions met - Operating	(25,519,066)	(17,216,703)
	Conditions met - Capital	-	-
	Conditions still to be met	(4,304,975)	2,750,280
	Housing grants was utilised for the development of erven and the erection of top structures, paid by the Provincial Government.		

		2014 R	2013 R
24.8	**DME Electrification New Housing Projects**		
	Opening balance	828,002	851,000
	Grants received	3,000,000	1,000,000
	Conditions met - Operating	-	-
	Conditions met - Capital	(462,391)	(1,022,998)
	Correction of error refer note 36	-	-
	Conditions still to be met	3,365,610	828,002
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
24.9	**SETA**		
	Opening balance	-	-
	Grants received	329,834	497,668
	Conditions met - Operating	(329,834)	(497,668)
	Conditions still to be met	-	-
	For training and skills development paid by the National Department of Labour		
24.10	**Neighbourhood Development Grant (NDPG)**		
	Opening balance	839,969	(45,758)
	Grants received	-	10,825,000
	Conditions met - Capital	(839,969)	(9,939,273)
	Conditions still to be met	-	839,969
	Job creation in the previously disadvantaged areas		
24.11	**RBIG -(DWAF)**		
	Opening balance	-	-
	Grants received	17,999,376	8,000,000
	Conditions met - Capital	(17,528,474)	(8,000,000)
	Conditions still to be met	470,902	-
	The grant was given to assist with the water shortage in the area		
24.12	**Refurbishment grant (Water affairs)**		
	Opening balance	-	-
	Grants received	-	500,000
	Conditions met - Operating	-	(500,000)
	Conditions still to be met	-	-
	The grant was given to assist with the refurbishment of water assets		
24.13	**Military sports academy**		
	Opening balance	1,000,000	1,000,000
	Grants received	-	-
	Conditions met - Capital	(912,066)	-
	Conditions still to be met	87,934	1,000,000
	The grant was received from the Department of Sport and Cultural affairs for the building of a sport academy		
24.14	**Municipal Finance Improvement Grant**		
	Opening balance	-	-
	Grants received	1,016,640	-
	Conditions met - Operating	(205,572)	-
	Conditions met - Capital	-	-
	Conditions still to be met	811,068	-
	The grant was received from the Department of Land affairs for Rural Development		

		2014 R	2013 R
24.15	**Thusong Centre Operational support grant**		
	Opening balance	-	-
	Grants received	-	218,000
	Conditions met - Operating	-	(218,000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The grant was received from Provincial Government to assist with the operating expenditure of the Centre		
24.16	**ABS Programme**		
	Opening balance	3,739,646	-
	Grants received	5,152,537	5,000,000
	Conditions met - Operating	(2,047,457)	(1,260,354)
	Conditions met - Capital	-	-
	Conditions still to be met	6,844,726	3,739,646
	The grant was received from Provincial Government to assist with the provision of Access to basic services		
24.17	**Provincial Sport Grant**		
	Opening balance	94,000	
	Grants received	50,000	94,000
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	144,000	94,000
	The grant was received from Provincial Government to assist development of Sport		
24.18	**Other Grants**		
	Opening balance	3,614,884	2,803,091
	Grants received	6,371,600	4,662,206
	Conditions met - Operating	(6,328,361)	(2,659,000)
	Conditions met - Capital	(2,795,463)	(1,191,413)
	Conditions still to be met	862,660	3,614,884
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
24.19	**Total Grants**		
	Opening balance	11,542,642	8,080,794
	Grants received	121,230,798	112,939,574
	Conditions met - Operating	(84,697,727)	(71,670,530)
	Conditions met - Capital	(40,883,427)	(37,807,196)
	Conditions still to be met/(Grant expenditure to be recovered)	7,192,286	11,542,642
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	12,478,637	12,524,018
		-	-
	Unpaid Conditional Government Grants and Receipts	(5,286,351)	(981,375)
	Reallocated opening balance	7,192,286	11,542,643
25	**CONTRIBUTED PPE**		
	During the year ended 30 June 2013 the following assets were donated to the municipality.		
	- Cricket Clubhouse by South Western Districts	-	1,676,138
	- Improvements to NA Smit Swimming pool by the Cango Caves.	-	511,754
		-	**2,187,892**

		2014 R	2013 R
26	**SERVICE CHARGES**		
	Electricity	163,062,279	155,455,715
	Water	33,305,481	36,142,580
	Water Klein Karoo Rural Scheme	8,112,207	4,061,875
	Refuse removal	13,744,142	12,673,259
	Sewerage and Sanitation Charges	24,797,012	22,632,290
		243,021,121	230,965,719
	Less: Rebates	(17,107,949)	(15,031,565)
	Total Service Charges	**225,913,172**	**215,934,154**
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
27	**OTHER INCOME**		
	Admin Fees	1,166,774	1,149,978
	Advertising Fees	63,112	34,043
	Parking Fees	44,353	59,751
	Cemeteries	516,757	675,019
	Water sundries	146,526	91,764
	Traffic	278,621	270,041
	Electricity sundries	686,386	678,100
	Cango Mountain Resort	1,340,436	1,330,409
	Airport landings	65,000	7,183
	Sportgrounds and swimming pools	186,697	201,114
	Stock adjustments	6,757	45,950
	Townplanning	56,173	372,385
	Infrastructure levies	189,983	199,700
	Libraries	43,279	52,425
	Photostats and faxes	9,110	11,469
	Valuation certificates	100,450	66,262
	Rezoning Fees	30,044	14,912
	Sundries	7,350,527	2,711,961
	Total Other Income	**12,280,985**	**7,972,467**
	Sundry income represents sundry income such as building plans, sale of sundry items and fees for items not included under service charges (camping, fire brigade and impounding fees)		
28	**EMPLOYEE RELATED COSTS**		
	Acting Allowance	1,590,944	955,906
	Bargaining Allowance	44,545	42,900
	Bonuses	6,210,852	5,611,615
	Contribution to Long Service awards	1,157,911	1,017,207
	Contribution to Post Employment Medical	7,269,836	6,092,048
	Contributions to Group Insurance	1,566,328	1,428,850
	Contributions to Medical Aid	5,585,748	5,164,039
	Contributions to Pension	17,141,198	16,328,946
	Contributions to UIF	746,464	728,627
	Contributions to Workman's Compensation	1,046,165	1,268,140
	Housing Benefits and Allowance	772,846	752,149
	Leave payments	1,138,646	237,445
	Other Allowance	807,950	519,771
	Overtime payments	5,257,303	5,609,749
	Provision for TASK	-	-
	Salaries and Wages	83,923,621	81,797,522
	Shift Allowance	254,986	210,053
	Skills Development	1,004,625	982,871
	Standby Allowance	1,143,461	1,104,039
	Telephone Allowance	87,367	53,537
	Temporary Personnel	12,181,507	7,975,828
	Travelling Allowance	4,438,051	4,457,778
	Total Employee Related Costs	**153,370,355**	**142,339,022**
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager and his Directors is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.		

		2014 R	2013 R
28	**EMPLOYEE RELATED COSTS (Continued)**		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
		Total	**Total**
	Remuneration of the Municipal Manager		
	Annual Remuneration	-	293,393
	Car Allowance	-	83,333
	Telephone allowance	-	10,000
	Acting Allowance	-	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	18,247
	Other	-	78,288
	Total	**-**	**483,261**
	The position of Municipal Manager is currently vacant. The Director Community Services acted as Municipal Manager during the year.		
		Total	**Total**
	Remuneration of the Director Financial Services		
	Annual Remuneration	-	636,618
	Car Allowance	-	115,194
	Telephone allowance	-	7,627
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	9,307
	Other	-	76,844
		-	**845,590**
	The position of Director Finance is currently vacant		
		Total	**Total**
	Remuneration of the Director Corporate Services		
	Annual Remuneration	1,139,478	842,227
	Car Allowance	10,000	120,000
	Telephone allowance	9,877	9,600
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	6,801	11,513
	Other	11,373	8,159
	Total	**1,177,529**	**991,500**
	The Director Corporate Services currently acts in the position of Director Finance.		
		Total	**Total**
	Remuneration of the Director Infrastructure and Technical Services		
	Annual Remuneration	552,580	838,687
	Car Allowance	61,770	123,540
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	6,917	11,822
	Telephone allowance	-	9,600
	Total	**621,267**	**983,649**
	The position of Director Infrastructure and Technical Services was vacant from 1 Jan 2014		
		Total	**Total**
	Remuneration of the Director Community Services		
	Annual Remuneration	900,950	707,412
	Car Allowance	168,000	168,000
	Telephone allowance	11,220	10,200
	Acting allowance	335,333	79,932
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	51,089	44,295
	Total	**1,466,592**	**1,009,839**
	The Director Community Services currently acts in the position of Municipal Manager.		

		2014 R	2013 R
29	**REMUNERATION OF COUNCILLORS**		
	Salaries	5,454,336	4,825,008
	Pension	317,295	288,353
	Travelling Allowance	1,825,615	1,715,426
	Telephone Allowance	595,548	216,439
	Medical Scheme	89,827	90,667
	Skills Development Levy	53,109	60,781
	Total Councillors' Remuneration	**8,335,730**	**7,196,673**

Disclosure of councillors remuneration for the year ended 30 June 2014:

		Basic	Pension and Medical	Travel Allowance	Telephone Allowance	Total
G April	Executive Mayor	372,774	135,596	169,457	-	677,826
VM Donson	Deputy Executive Mayor	406,696	-	135,565	20,868	563,129
JNH Stoffels	Speaker	327,390	79,306	135,565	20,868	563,129
C Wagenaar	Executive Councillor	363,789	17,489	127,093	20,868	529,238
N Gunguluza	Executive Councillor	284,575	96,702	127,093	20,868	529,238
G Phillips	Executive Councillor	381,278	-	127,093	-	508,370
E Ngalo	Executive Councillor	381,278	-	127,093	20,868	529,238
L Stalmeester	Executive Councillor	363,789	17,489	127,093	-	508,370
E Fortuin	Councillor	152,511	-	50,837	20,868	224,216
PL Roberts	Councillor	122,771	29,740	50,837	20,868	224,216
D De Jager	Councillor	152,511	-	50,837	20,868	224,216
PA Nel	Councillor	152,511	-	50,837	20,868	224,216
BN Van Wyk	Councillor	152,511	-	50,837	20,868	224,216
F Magxaka	Councillor	152,511	-	50,837	20,868	224,216
J Maxim	Councillor	122,771	29,740	50,837	20,868	224,216
M Wagenaar	Councillor	152,511	-	50,837	20,868	224,216
RR Wildschut	Councillor	152,511	-	50,837	20,868	224,216
DJ Fourie	Councillor	122,771	29,740	50,837	20,868	224,216
VI van der Westhuizen	Councillor	152,511	-	50,837	-	203,348
CD Macpherson	Councillor	152,511	-	50,837	20,868	224,216
J Harmse	Councillor	152,511	-	50,837	20,868	224,216
SC Biljohn	Councillor	152,511	-	50,837	20,868	224,216
V Williams	Councillor	122,771	29,740	50,837	20,868	224,216
J Krowitz	Councillor	152,511	-	50,837	20,868	224,216
M Titus	Councillor	152,511	-	50,837	20,868	224,216
		5,355,294	**465,541**	**1,940,279**	**438,228**	**8,199,342**

Other expense related to councillors:		
Skills Development Levy		53,109
Council telephone expense		83,279
		8,335,730

In-kind Benefits

The Executive Mayor, Mayoral Committee members and the Speaker are full-time councillors. The Mayor, Mayoral Committee members and the Speaker are provided with secretarial support and an office at the cost of the Council.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Accounting Officer

30	**DEBT IMPAIRMENT**		
	Trade Receivables from exchange transactions - Note 19	10,743,952	11,225,977
	Trade Receivables from non-exchange transactions - Note 20	3,596,159	1,728,586
	Total Contribution to Debt Impairment	**14,340,112**	**12,954,563**
31	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	19,757,327	18,147,469
	Investment Property	403,367	403,367
	Intangible Assets	108,958	71,611
	Capitalized Restoration Cost	224,489	227,259
		20,494,142	**18,849,707**
32	**IMPAIRMENTS**		
	Property Plant & Equipment	-	12,903,121
	Capitalized Restoration Cost	(28,712)	94,417
		(28,712)	**12,997,538**

The reversal of impairment on Capitalized Restoration Cost is due to a positive change in the weighted average interest rate used in calculating the present value of future costs.

		2014 R	2013 R
33	**FINANCE CHARGES**		
	Long-term Liabilities	11,201,954	7,946,391
	Finance leases	238,171	346,482
	Previously reported		340,590
	Prior Period error refer Note 36		5,892
	Tip site restoration contribution	3,105,097	4,540,693
	Total finance charges	**14,545,222**	**12,833,566**
34	**BULK PURCHASES**		
	Electricity bulk	112,298,575	105,036,253
	Water bulk	1,760,914	1,538,458
		114,059,489	**106,574,711**
35	**GENERAL EXPENSES**		
	Advertisements	356,769	629,921
	Audit Fees	4,291,662	5,539,251
	Bank Charges	1,448,229	1,741,452
	Calender events	793,819	285,491
	Chemicals	810,078	750,893
	Commission paid	3,545,306	5,567,059
	Electricity	383,738	268,154
	Financial Aid Scheme	687,502	796,540
	Fuel Cost	6,042,200	6,258,367
	Housing	27,497,759	15,605,917
	Indigent Burials	235,355	328,640
	Insurance	1,518,464	1,527,860
	Inventory Items	723,238	1,527,754
	Legal Cost	15,130,697	5,634,040
	Licence Fees	228,328	197,331
	Membership Fees	2,277,296	902,255
	Penalties	-	2,127,271
	Performance Management	913,550	307,534
	Postage	164,332	271,724
	Printing and stationery	685,263	921,665
	Professional Fees	3,188,463	1,113,351
	Project Expenditure	3,622,632	2,829,830
	Safety clothes	458,463	608,182
	Social Assistance	408,905	415,877
	Speed camera fees	86,304	505,009
	Sport Development	454,699	748,983
	Telephone	2,096,969	2,772,298
	Tools and Equipment	64,551	145,277
	Tourism	500,000	236,038
	Training	1,042,136	1,730,465
	Travel and subsistence	1,188,471	2,103,289
	Ward Committee Functionality	787,977	670,358
	Water	593,992	1,138,954
	Water Levy	100,091	50,980
	Other	5,853,749	2,181,839
		88,180,981	**68,439,852**

36 CORRECTION OF ERROR IN TERMS OF GRAP 3

Prior year adjustments due to non-compliance with Accounting policy and errors

36.1

a) Prior period error recognised ito the operating leased asset, partly due to first time recognition and partly due to the removal of the lease between the Cango Caves and the Municipality for the Cango Caves buildings, this lease term is indefinite and as such is not treated as a operating lease. It is now corrected retrospectively with the following entries (Dt) Accumulated Surplus (Dt) Rental Income (Kt) Operating Lease Asset.

b) Prior period error recognised ito the Finance leases, first time recognition of leases not previously accounted for lease. It is now corrected retrospectively with the following entries (Dt) Accumulated Surplus (Dt) leased Asset (Dt) Long term liability (Kt) Accumulated surplus (Kt) Accumulated Depr (Kt) Longterm Liabilities

c) Prior period error recognised ito the property plant and equipment after a reconciliation was performed on the opening balance of accumulated depreciation of furniture. It is now corrected retrospectively with the following entries (Dt) Accumulated Surplus (Kt) Accumulated Depreciation

d) First time recognition of other assets recognised at fair value.The following entries were processed (Dt) PPE (Kt) Acc Surplus

e) First time recognition of depreciation charge on other assets recognised at fair value.The following entries were processed (Dt) Acc Surplus (Kt) Acc Depreciation

f) Adjustment of depreciation on other assets with zero bookvalues.The following entries were processed (Dt) Acc depreciation (Kt) Acc Surplus

g) Adjustment of acting allowances paid in current year relating to the prior year, this was correclty accounted for in the records, the entries processed were (Dt) Employee cost (Kt) Acc Surplus

h) Prior period error recognised ito the Value Added Tax, the chart of account consisted of old votes with balances dating back to 2009. It is now corrected retrospectively to ensure the net VAT position is in line with SARS assessments with the following entries (Dt) General Expenses (Dt) VAT (Kt) Accumulated Surplus (Kt) VAT

i) Prior period error recognised ito the Sundry Creditors, the chart of account consisted of votes with old balances, these amont are unlikely to be claimed and are thus cleared. Corrected as follows (Dt) Sundry Creditors (Kt) General Expenses (Kt) Accumulated Surplus

j) Prior period error recognised ito the Sundry debtors, billing detail for some rental properties were only obtained after year end. This was treated correctly in the accounting records (Dt/Kt) Accumulated Surplus (Kt/Dt) Sundry debtors

		2014 R	2013 R

36 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

Prior year adjustments due to non-compliance with Accounting policy and errors

k) Prior period error recognised ito the Suspense debtors, a loan to Cango Caves which was previously impaired in error is reversed and interest raised ito the PFMA. The correction is made retrospectively (Dt) Caves Advance (Kt) Accumulated Surplus.

l) Prior period error recognised ito the other debtors, PAYE and UIF not deemed recoverable after underdeduction on fringe benefit. The correction is made retrospectively (Dt) Accumulated surplus (Kt) Debtors.

m) A prior period disclosure error due to interdepartmental charges between the KKLWVS and the Municipality not eliminated. The correction is made retrospectively (Dt) Accumualted surplus (Kt) Accumulated Surplus.

n) A prior period disclosure error due to old credit balances on debtors incorrectly recognised. The correction is made retrospectively (Dt) Receivables from Exchange (Kt) Accumulated Surplus.

o) Prior year correction on land and community assets not belonging to the Municipality. The following entries were processed (Kt) PPE (Land and Community Assets) (Dt) Accumulated Surplus

p) Prior year correction on land and community assets not belonging to the Municipality. The following entries were processed (Dt) Acc Depreciation (Community Assets) (Kt) Accumulated Surplus

q) A debtor was recognised in the prior year for bulk purchases which Eskom overcharged the municipality however the VAT portion of R1 199 968 was incorrectly adjusted to accumulated surplus instead of the VAT control account in the prior period. The following entry was processed to correct this (Dt) Accumulated Surplus (Kt) VAT

r) The additional input vat recognised, as a result of a vat review to ensure input vat was correctly claimed, was incorrectly recognised as other income disclosed as revenue from exchange transactions instead of being deducted against the appropriate expense vote. The following entry was processed to correct this in the prior year (Dt) Accumulated Surplus (Kt) Accumulated Surplus

s) Prior year correction on VAT claimable of the Cango Caves. The following entry was processed to correct this in the prior year (Dt) VAT (Kt) Caves Advance

36.2 Accumulated Surplus

Balance previously reported		**456,325,496**
	3,035,248	**47,242,364**
Correction on operating lease asset - see note 36.1.a	(515,124)	(1,196,672)
Correction on finance lease asset depreciation- see note 36.1.b	(31,125)	-
Correction on finance lease liability - see note 36.1.b	62,251	-
Correction on finance lease asset Cost - see note 36.1.b	(62,251)	-
Correction on finance lease asset finance charges- see note 36.1.b	(5,892)	-
Correction on finance lease asset Contracted services- see note 36.1.b	35,164	-
Correction on property Plant and Equipment- see note 36.1.c	(413)	-
First time recognition of other assets at fair value - cost component - see note 36.1d		38,141,127
First time recognition of other assets at fair value - depr component - see note 36.1e	(361,703)	(2,836,342)
Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1f	11,045	104,581
Correction on acting allowances paid - see note 36.1.g	(120,895)	
Prior year correction of old VAT balances - see note 36.1.h	2,200,904	(2,259,364)
Prior year correction of old Sundry creditors balances - see note 36.1.i	1,629,037	291,071
Prior year correction of Sundry debtors - see note 36.1.j	191,738	33,663
Prior year correction of Cango Caves Advance - see note 36.1.k	-	7,000,000
Prior year correction of Cango Caves Advance - see note 36.1.k	-	10,283,051
Prior year correction on Sundry debtors - see note 36.1.l	-	(909,431)
Prior year correction on Sundry debtors - see note 36.1.l	-	(27,673)
Prior year correction on Interdepartmental Charges - see note 36.1.m	859,064	1,958,192
Prior year correction on Interdepartmental Charges - see note 36.1.m	(859,064)	(1,958,192)
Prior year correction on Assets not belonging to the Municipality - see note 36.1.o	-	(390,000)
Prior year correction on Assets not belonging to the Municipality - see note 36.1.p	2,512	10,044
Prior year correction on credit balances included in Debtors - see note 36.1.n	-	198,277
Prior year correction on VAT control - see note 36.1.q	-	(1,199,968)
Prior year correction of Other Income 36.1.r	(2,932,278)	-
Prior year correction of Other Income 36.1.r	2,932,278	-
Restated balance	**3,035,248**	**503,567,860**

36.3 Operating lease Asset

	2013 R
Balance previously reported	1,765,745
Correction on operating lease asset - see note 36.1.a	(1,711,796)
Restated balance	**53,949**

36.4 Capitalised Lease Liability - At amortised cost

Balance previously reported	3,026,671
Correction on finance lease liability - see note 36.1.b	(29,272)
Correction on finance lease liability - see note 36.1.b	62,251
Restated balance	**3,059,650**

		2014 R	2013 R
36	**CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)**		
36.5	**Value Added Tax**		
	Balance previously reported		2,880,576
	Prior year correction of old VAT balances - see note 36.1.h		(58,460)
	Prior year correction on VAT control - see note 36.1.q		(1,199,968)
	Prior year correction on VAT claimable of Caves - see note 36.1.s		2,086,902
	Restated balance		**3,709,050**
36.6	**Sundry Creditors**		
	Balance previously reported		26,296,775
	Correction on acting allowances paid - see note 36.1.g		120,895
	Prior year correction of old Sundry creditors balances - see note 36.1.i		(1,920,109)
	Restated balance		**24,497,561**
36.7	**Receivables from non exchange transactions - Suspense Debtors**		
	Balance previously reported		17,633,750
	Prior year correction of Sundry debtors - see note 36.1.j		225,401
	Prior year correction of Cango Caves Advance - see note 36.1.k		7,000,000
	Prior year correction of Cango Caves Advance - see note 36.1.k		10,283,051
	Prior year correction on Sundry debtors - see note 36.1.l		(909,431)
	Prior year correction on Sundry debtors - see note 36.1.l		(27,673)
	Prior year correction on VAT claimable of Caves - see note 36.1.s		(2,086,902)
	Restated balance		**32,118,196**
36.8	**Property Plant and Equipment**		
	Balance previously reported		550,506,199
	Correction on finance lease asset Cost - see note 36.1.b		62,251
	Correction on finance lease asset depreciation- see note 36.1.b		(31,125)
	Correction on property Plant and Equipment- see note 36.1.c		(413)
	First time recognition of other assets at fair value - cost component - see note 36.1d		38,141,127
	First time recognition of other assets at fair value - depr component - see note 36.1e		(3,198,046)
	Prior year correction on Assets not belonging to the Municipality - see note 36.1.o		(390,000)
	Prior year correction on Assets not belonging to the Municipality - see note 36.1.p		12,556
	Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1f		115,626
	Restated balance		**585,218,175**
36.9	**Receivables from exchange transactions**		
	Balance previously reported		85,857,693
	Prior year correction on credit balances included in Debtors - see note 36.1.n		198,277
	Prior year correction on credit balances included in Debtors - see note 36.1.n		(198,277)
	Restated balance		**85,857,693**

		2014 R	2013 R
37	**RECONCILIATION BETWEEN NET DEFICIT FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	(17,454,616)	(25,881,706)
	Adjustments for:		
	Depreciation	20,385,182	18,778,096
	Gain on disposal of Property, Plant and Equipment	(48,200)	(1,186,135)
	Amortisation of Intangible Assets	108,958	71,611
	Asset Impairment	(28,712)	12,997,539
	Debt Impairment	14,340,112	12,954,563
	Debt Impairment -Decrease	-	-
	Actuarial Gains	(734,219)	-
	Actuarial losses	52,834	8,466,427
	Contribution to non current liability	3,105,097	4,540,693
	Contribution to employee benefits-current	694,985	(2,535,718)
	Contribution from/to employee benefits-non current	7,520,256	4,649,332
	Assets written off	104,384	1,370,195
	Operating lease income accrued	(16,570)	23,123
	Operating lease expenses accrued	-	-
	Operating Surplus/(Deficit) before changes in working capital	28,029,491	34,248,019
	Changes in working capital	12,593,347	(17,806,679)
	Increase/(Decrease) in Trade and Other Payables	12,005,719	(594,566)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(45,382)	4,381,204
	Increase/(Decrease) in Unpaid Conditional Public Grants and Reserves	-	-
	Increase/(Decrease) in Unspent Conditional Public Grants and Reserves	-	(244,374)
	Increase/(Decrease) in Taxes	(1,060,546)	(2,172,873)
	(Increase)/Decrease in Inventory	6,930	197,305
	(Increase)/Decrease in Trade and other receivables	5,991,600	(18,454,018)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(4,304,975)	(919,356)
	Cash generated/(absorbed) by operations	**40,622,838**	**16,441,341**
38	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 22	1,491,648	9,487,635
	Cash Floats - Note 22	10,534	10,534
	Bank - Note 22	1,876,075	7,476,436
	Total cash and cash equivalents	**3,378,257**	**16,974,605**
39	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 38	3,378,257	16,974,605
		3,378,257	16,974,605
	Less:	17,248,232	16,233,068
	Unspent Committed Conditional Grants - Note 9	12,478,636	12,524,018
	VAT - Note 11	4,769,596	3,709,050
	Unspent Public Contributions	-	-
	Resources available for working capital requirements	**(13,869,975)**	**741,537**
40	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 2	96,788,525	108,340,021
	Used to finance property, plant and equipment - at cost	(96,788,525)	(108,340,021)
	Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

		2014 R	2013 R

41 BUDGET COMPARISONS

41.1 Statement of Financial Performance

Discussion of variances above 10% as detailed in the Statement of comparison of budget and actual amounts:

Transfer Revenue		
Public Contributions and Donations	100%	Funds received from Standard Bank for Sport Festival not budgeted for, as the donation is not guaranteed.
Other Revenue		
Fines	98%	Service Provider resigned in prior year and no other service provider was appointed during the year
Gain on disposal of Property, Plant and Equipment	-97%	Only the sale of one erf, the auctions as budgeted for did not take place.
Revenue from Exchange Transactions		
Rental of Facilities and Equipment	10%	Variance due to accounting for smoothing of operating leases, as well as the addition of lease contracts.
Interest Earned - external investments	-38%	Less funds available for investment purposes than anticipated
Interest Earned - outstanding debtors	28%	A renewed focus to enhance revenue and identify debt also outstanding debtors book increased during the year, therefor more interest on outstanding debt than anticipated,
Other Income	45%	The positive percentage is due to Legal Fees Recovery not budgeted for as it could not be forseen initially.
Expenditure		
Debt Impairment	10%	Contribution to provision decreased due to more effective management of debtors. Same principles applied in calculating the impairment as in the prior year.
Assets written-off	100%	Only identified with annual asset verification at end of year, therefore no budget.
Repairs and Maintenance	-11%	General underperformance on capital related expenditure due to a initial unapproved budget
Actuarial losses	100%	Based on the yearly actuarial report and not able to budget for this GRAP related expense
Finance Charges	49%	No new loans and no significant other charges, the amount budgeted was incorrect
Contracted services	19%	Refer note 53

41.2 Statement of Financial Position and capital expenditure

Discussion of variances above 10% as detailed in the Statement of comparison of budget and actual amounts:

Finance & Admin	14%	Stolen Laptops replaced not budget for.
Planning & Development	-12%	General underperformance on capital budget due to a initial unapproved budget, so spending slowed for almost 6 month, refer note 53
Community & Social Services	100%	Stolen equipment replaced not budget for. Immaterial amount of R6000
Road Transport	70%	2.8mil rollover of PAWC grant was approved but not budgeted for due to adjustment budget not tabled refer note 53
Water	-15%	General underperformance on capital budget due to a initial unapproved budget, so spending slowed for almost 6 month, refer note 53
Electricity	-13%	General underperformance on capital budget due to a initial unapproved budget, so spending slowed for almost 6 month, refer note 53

41.3 Reconciliation between 2014 Approved Budget and Budget figures per Financial Statements

For disclosure purposes and to conform to Generally Recognised Accounting Practice (GRAP) some individual accounts were classified differently on the Financial Statements than on the Annual Approved Budget. A reconciliation of differences are listed below.

Statement of Financial Performance	Approved Budget	Adjustments	Disclosure Budget
Taxation Revenue			
Property taxes	53,990,419	(2,839,123)	51,151,296
Transfer Revenue			
Government Grants and Subsidies - Capital	39,824,000	108,000	39,932,000
Government Grants and Subsidies - Operating	85,939,000	(108,000)	85,831,000
Transfers and grants	(824,670)	824,670	-
Revenue from Exchange Transactions			
Service charges	257,640,936	(12,973,615)	244,667,321
Other own income	35,494,589	(8,397)	35,486,192
Other revenue not adjusted	2,451,000	-	2,451,000
Total Revenue	**474,515,274**	**(14,996,465)**	**459,518,809**
Expenditure			
Employee related costs	139,372,718	752,551	140,125,269
Bulk Purchases	111,506,246	645,183	112,151,429
Other expenditure	159,255,113	(16,394,199)	142,860,914
Other expenditure not adjusted	39,522,177	-	39,522,177
Total Expenditure	**(449,656,254)**	**14,996,465**	**(434,659,789)**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**24,859,020**	**-**	**24,859,020**

		2014 R	2013 R
42	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
42.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	114,163,260	75,180,147
	Unauthorised expenditure current year - capital	9,703,333	27,696
	Unauthorised expenditure current year - operating	50,186,893	38,955,417
	Previously reported	50,186,893	42,030,693
	Impact of Prior year adjustments		(3,075,276)
	Written off by council	-	-
	Unauthorised expenditure awaiting authorisation	**174,053,487**	**114,163,260**

Unauthorised expenditure on operating votes is mainly due to provisional (book entries), amounts recognised in terms of GRAP implementation.

Incident	Disciplinary steps/criminal proceedings		
Over expenditure on votes 2013/2014	*Resolution to be investigated*	59,890,226	-
Over expenditure on votes 2012/2013- adjusted	*Resolution to be investigated*	38,983,113	38,983,113
Over expenditure on votes 2011/2012	*Resolution to be investigated*	3,890,034	3,890,034
Over expenditure on votes 2010/2011	*Resolution to be investigated*	26,420,092	26,420,092
Over expenditure on votes 2009/2010	*Resolution to be investigated*	9,181,875	9,181,875
Over expenditure on votes 2008/2009	*Resolution to be investigated*	35,688,146	35,688,146
		174,053,487	**114,163,260**

42	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)**		
42.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	11,913,106	2,905,278
	Fruitless and wasteful expenditure current year	5,293,653	9,007,829
	Fruitless and wasteful expenditure identified in the current year but relating to the prior year	937,104	-
	Fruitless and wasteful expenditure awaiting further action	**18,143,864**	**11,913,106**

Incident	Disciplinary steps/criminal proceedings		
Fruitless and wasteful expenditure identified in the current year but relating to the prior year	*None*	937,104	-
		937,104	**-**
Interest and penalties paid on PAYE,Eskom,Telkom,Fastnet, Cape Joint Pension Fund, VAT	*None*	55,284	586,787
VAT penalties	*Referred to legal department*	-	2,127,271
Payment made to incorrect service provider	*Referred to legal department*	-	25,000
Electricity losses above 10 %	*None*	-	-
Catering function excessively high	*None*	-	28,500
Water Losses above 10%	*None*	5,238,370	6,126,012
Arbitration awarded to suspended official	*None*	-	63,335
Interest on unresolved account Klein Karoo Bpk	*Investigation ongoing*	-	50,924
		5,293,653	**9,007,829**

42.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	17,954,539	15,058,184
	Irregular expenditure identified in the current year but relating to the prior years	**23,339,645**	-
	Deviations not justifyable		
	Incorrect CIDB Registration/non Registration on CIDB Website		
	No declaration of interest		
	Three quotations not obtained		
	Three quotations not obtained and suppliers not on the approved supplier listing	98,338	-
	TAX clearance certificate not valid	1,082,150	-
	Tax clearance certificate not valid and not registered on CIDB	22,159,158	
	No original TAX clearance certificates		
	Suppliers not on the municipal Database		
	Deviations not approved		
	Procurement split in parts		
	Irregular expenditure current year	**59,573,956**	**2,896,355**
	Deviations not justifyable	3,540,571	624,308
	Incorrect CIDB Registration/non Registration on CIDB Website	-	1,960,901
	Three quotations not obtained, no reason for deviation, deviation not approved	8,545	-
	No supplier file and suppliers not on the approved supplier listing	1,102,299	-
	No supplier files	8,141,676	-
	No declaration of interest	766,900	17,561
	Three quotations not obtained	88,751	52,562
	Three quotations not obtained and suppliers not on the approved supplier listing	2,225,512	-
	No procurement process followed	6,339,800	-
	Tax clearance certificate not valid and not registered on CIDB	29,735,930	
	TAX clearance certificate not valid	3,195,692	-
	No original TAX clearance certificates	4,259,626	-
	Suppliers not on the municipal Database	15,675	-
	Deviations not approved	92,609	65,936
	Procurement split in parts	60,370	175,087
	Irregular expenditure awaiting further action	**100,868,140**	**17,954,539**

			2014 R	2013 R
	Incident	**Disciplinary steps/criminal proceedings**		
	Brought Forward		17,954,539	15,058,184
	Non-compliance with Supply Chain Management Policy	*Ongoing*	82,913,601	2,896,355
			100,868,140	**17,954,539**

The full extent of the irregular expenditure could not be quantified due to time and other constraints.

42.4 Material Losses

Water distribution losses		
- Kilo litres disinfected/purified/purchased	7,228,565	7,407,078
- Prior year correction to kilo litres disinfected/purified/purchased	-	(66,962)
- Restated kilo litres disinfected/purified/purchased	**7,228,565**	**7,340,116**
- Kilo litres lost during distribution	1,734,125	2,073,141
- Prior year correction to kilo litres lost during distribution	-	(66,962)
- Restated kilo litres lost during distribution	**1,734,125**	**2,006,179**
- Restated percentage lost during distribution	23.99%	27.33%
Amount above 10% to disclose as fruitless and wasteful expenditure	5,238,370	6,370,466
Prior year correction to Amount above 10% to disclose as fruitless and wasteful expenditure	-	-244,454
Restated Amount above 10% to disclose as fruitless and wasteful expenditure	**5,238,370**	**6,126,012**
Electricity distribution losses		
- Units purchased (Kwh)	159,586,219	160,110,387
- Units lost during distribution (Kwh)	13,171,912	11,932,478
- Percentage lost during distribution	8.25%	7.45%
Amount to disclose as fruitless and wasteful expenditure	-	-

43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

43.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Council subscriptions	1,249,121	1,053,610
Amount paid - current year	(1,249,121)	(1,053,610)
Balance unpaid (included in creditors)	**-**	**-**

43.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	996,892	383,632
Current year audit fee	3,187,201	5,539,804
External Audit - Auditor-General	3,187,201	5,539,804
Amount paid - current year	(4,237,886)	(4,926,544)
Balance unpaid (included in creditors)	**53,793**	**996,892**

43.3 VAT - [MFMA 125 (1)(b)]

Opening balance	2,880,576	5,032,723
Nett movements	1,889,020	(2,152,147)
Closing balance - Receivable	**4,769,596**	**2,880,576**
Vat in suspense due to cash basis of accounting		
Input VAT	6,008,972	15,403,794
Output VAT	(1,239,376)	(12,523,218)
Receivable	**4,769,596**	**2,880,576**

VAT is payable/receivable on the invoice basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

43.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]

Current year payroll deductions and Council Contributions	17,762,292	17,426,333
Amount paid - current year	(17,762,292)	(17,426,333)
Balance unpaid (included in creditors)	**-**	**-**

43.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	36,771,198	33,867,462
Amount paid - current year	(36,771,198)	(33,867,462)
Balance unpaid (included in creditors)	**-**	**-**

43.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

Councillors with arrear accounts for more than 90 days as at 30 June 2014

	Outstanding more than 90 days	**Outstanding more than 90 days**
M Wagenaar	17,416	17,416
N E Ngalo	-	79
C Wagenaar	267	-
Total Councillor Arrear Consumer Accounts	**17,683**	**17,495**

	2014 R	2013 R

43.7 Deviations from the procurement processes

Deviations from, and ratifications of breaches of the Procurement Processes due to Specialised Services, Advertising, Accommodation, Sole Suppliers, Emergencies, Breakdowns, Strip and Quotes.
All the deviations were ratified by the Municipal Manager and reported to Council.

Supplier	Reason	Less than R 30,000	Between R 30,001 R 200,000	Between R200001 and R 2,000,000	More than R 2,000,000
Acropole Café	Goods and services or works have to be designed by the supplier	12,188	-	-	-
Active Fire App	Goods and services or works have to be designed by the supplier	6,160	-	-	-
AJ Broom Road Products CC	No acceptable bidders found - time lapsed	4,702	-	-	-
African Community Development	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	200,000	-	-
African Pillars Development	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	89,995	-	-
Audio Brooks	Short notice provided by departments	7,450	-	-	-
Auto Electro	Short notice provided by departments	2,900	-	-	-
Avontuur & Associates	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	129,894	-	-
Benito Juan Metembo	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	9,500	-	-	-
BMH Attorneys	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	68,000	-	-
Bowles	Municipality can buy under exceptionally advantageous conditions with short notice	15,386	-	-	-
BR Electrical	Goods or services needed for adressing an emergency	22,091	-	-	-
Breërivier Training and Developm	Specialist Services, proven track record	17,438	-	-	-
Brilliant Computers	No acceptable bidders found - time lapsed	4,499	-	-	-
Bulabula Attorneys	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	-	237,940	-
BVC Projects	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	12,500	-	-	-
Cango Engineering	Specialist Services, proven track record	-	59,217	-	-
Cango Wildlife Ranch	Goods and services or works have to be designed by the supplier	7,970	-	-	-
Cashbuild	Goods or services needed for adressing an emergency	-	57,707	-	-
Civil Corp	Goods and services or works have to be designed by the supplier	25,549	-	-	-
CK Safety	Goods and services or works have to be designed by the supplier	9,682	-	-	-
CM Louw	Short notice provided by departments	30,000	-	-	-
Coastal Armature Winders and Supplies	Short notice provided by departments	10,750	-	-	-
CTE Water Tech	Goods or services needed for adressing an emergency	2,572	-	-	-
CWC Helderberg Protection	Short notice provided by departments	-	-	1,488,834	-
Dawson Verkoeling	Specialist Services, proven track record	19,105	-	-	-
De Oude Meul Boerdery	Short notice provided by departments	-	73,500	-	-
De Wilde Vogel General Trading	Only two quotes obtained	-	128,300	-	-
DLM	Specialist Services, proven track record	2,720	-	-	-
DPI	Goods and services or works have to be designed by the supplier	3,192	-	-	-
Drewan Baird Comunications	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	-	-	2,225,512
Duncan Korabie Attorneys	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	-	478,329	-
Dylandi Distributors	Goods and services or works have to be designed by the supplier	23,711	-	-	-
EA Harmse	Short notice provided by departments	4,000	-	-	-
Eden District Municipality	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	156,750	-	-
Elan Print	Goods and services or works have to be designed by the supplier	6,450	-	-	-
Elexpert Pty	Specialist Services, proven track record	-	199,272	-	-
Elster Kent	Sole reliable supplier for particular service - Limited Bidding	10,072	-	-	-
Ferro Engineering	Goods or services needed for adressing an emergency	-	46,946	-	-
FJ Bruce	Short notice provided by departments	-	126,785	-	-
G Loggenberg	Short notice provided by departments	11,000	-	-	-
GH Towing	Specialist Services, proven track record	5,000	-	-	-
Golden Awards 965CC	Goods or services needed for adressing an emergency	-	-	485,700	-
Guy & Associates	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	31,858	-	-
Hoistec Engineering	Goods or services needed for adressing an emergency	12,316	-	-	-
Hoorn Uitgawes	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	6,435	-	-	-
Huber Technology	Supplier servicing of purchased assets	2,132	-	-	-
Imvusa Trading 1014CC	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	-	437,200	-

					2014 R	2013 R
43.7	**Deviations from the procurement processes (continued)**	**Less than R 30,000**	**Between R 30,001 R 200,000**	**Between R200.001 and R 2,000,000**	**More than R 2,000,000**	
Inivite Vreative	Goods or services needed for adressing an emergency	10,100	-	-	-	
Inyameko Trading 1420 CC	Goods or services needed for adressing an emergency	-	-	295,146	-	
ISM	Goods and services or works have to be designed by the supplier	2,495	35,526	-	-	
J & E Communication	Supplier servicing of purchased assets	-	180,033	-	-	
Kango Boumateriaal	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	56,847	-	-	
Kango Catering	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	73,000	-	-	
Kelcon Plumbers	Exceptional circumstances, impractical to follow normal procurement process - Mandela Month	-	-	721,620		
KK International	Goods or services needed for adressing an emergency	10,340	-	-	-	
KK TOYOTA	Unforeseen circumstances and delays in the evaluation committee meetings, tender subsequently awarded	-	-	247,905	-	
Klein Karoo Beperk	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	17,039	-	-	-	
Klein Karoo National Arts Festival	Goods and services or works have to be designed by the supplier	17,100	-	-	-	
Knowledge Base	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	31,977	-	-	
Kobus Le Grange	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	55,049	-	-	
Kola's General Trading	Goods and services or works have to be designed by the supplier	7,000	-	-	-	
Lexis Nexis	Goods and services or works have to be designed by the supplier	4,435	-	-	-	
Lucas Transport	Short notice provided by departments	29,600	-	-	-	
Magheritas	Short notice provided by departments	2,715	-	-	-	
Maha Cape	Goods and services or works have to be designed by the supplier	8,150	-	-	-	
Margharitas	Goods or services needed for adressing an emergency	3,290	-	-	-	
Miles Verwe	Goods or services needed for adressing an emergency	2,451	-	-	-	
Mills Attorneys	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	-	-	5,592,357	
Mobicast	Goods and services or works have to be designed by the supplier	-	-	376,690	-	
Moos Enterprise	Short notice provided by departments	25,000	-	-	-	
MUNOVO	Goods or services needed for adressing an emergency	-	439,055	-	-	
Oudtshoorn Plant Hire	Goods or services needed for adressing an emergency	23,850	-	-	-	
P.I.G.S.	Goods or services needed for adressing an emergency	6,807	-	-	-	
Panasonic	Short notice provided by departments	3,800	-	-	-	
Patel & Associates	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	-	-	4,832,382	
Pay Day Software Systems	Goods or services needed for adressing an emergency	-	60,659	-	-	
Peninsula Drums	Goods and services or works have to be designed by the supplier	-	39,501	-	-	
Pennypinchers Oudtshoorn	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	3,272	-	232,639	-	
Pienaar Bros	Sole reliable supplier for particular service	2,873	-	-	-	
Postnet	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	16,090	-	-	-	
Price Waterhouse Coopers	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	111,540	-	-	

					2014 R	2013 R
43.7	**Deviations from the procurement processes (continued)**	**Less than R 30,000**	**Between R 30,001 R 200,000**	**Between R200.001 and R 2,000,000**	**More than R 2,000,000**	
R-Data	Sole reliable supplier for particular service	-	36,252	-	-	
Repassen 18 (Pty) Ltd	Only one quote obtained	-	-	342,400	-	
RSK & Associates	Short notice provided by departments	-	1,409,637	-	-	
Rustic Living Trading 2	Short notice provided by departments	-	45,000	-	-	
S & Z Consulting	Goods and services or works have to be designed by the supplier	-	-	-	-	
Saptouw Transport	Municipality can buy under exceptionally advantageous conditions with short notice	-	41,000	-	-	
Smuts & Family Trust	Goods or services needed for adressing an emergency	-	188,292	-	-	
South Cape Petroleum	Municipality can buy under exceptionally advantageous conditions with short notice	18,724	-	-	-	
Spilhaus	Goods and services or works have to be designed by the supplier	25,923	-	-	-	
Store-it	Sole reliable supplier for particular service	23,393	-	-	-	
Synopsis License	Short notice provided by departments	-	30,541	-	-	
Tact Business Development & Management	Goods and services or works have to be designed by the supplier	10,773	-	-	-	
Tamsa Trading 101 cc T/A Cango	Goods and services or works have to be designed by the supplier	10,657	-	-	-	
Tidy Files	Goods and services or works have to be designed by the supplier	6,319	-	-	-	
Top Loos	Sole reliable supplier for particular service	20,040	-	636,040	-	
Tosas	Goods or services needed for adressing an emergency	-	-	294,559	-	
Transmission gear Services	Sole reliable supplier for particular service	-	65,335	-	-	
Transtech	Supplier servicing of purchased assets	-	92,609	-	-	
Tyre Rama	Goods or services needed for adressing an emergency	13,040	-	-	-	
Tyres & Treads	Goods or services needed for adressing an emergency	7,950	-	-	-	
Uniforms CC	Goods and services or works have to be designed by the supplier	6,748	-	-	-	
University of Johannesburg	Short notice provided by departments	10,875	-	-	-	
Valsta's Specialized Cleaning	Goods or services needed for adressing an emergency	8,050	-	-	-	
Van Antwerp Sweiswerke	Goods or services needed for adressing an emergency	22,083	-	-	-	
Van der Berg Vervoer	Goods or services needed for adressing an emergency	-	105,764	-	-	
Volmoed Quarries	Short notice provided by departments	19,768	125,400	-	-	
VPM Opmetings	Goods and services or works have to be designed by the supplier	4,000	-	-	-	
Waltons	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	6,209	-	-	-	
Webber Wentzel Attorneys	Legislative, technological or confidentiality reasons to restrict purchases to suppliers who have proven their capability.	-	-	1,258,567	-	
Wessels en Kie Grafsteenwerke	Goods or services needed for adressing an emergency	7,200	-	-	-	
Weswas	Short notice provided by departments	5,958	-	-	-	
Wholesale Retailers	Exceptional circumstances, impractical to follow normal procurement process - Mandela Month	5,196	-	-	-	
Wilck Spar	Exceptional circumstances, impractical to follow normal procurement process - Mandela Month	-	-	225,000	-	
Windeed	Short notice provided by departments	-	30,296	-	-	
Winston Linford	Short notice provided by departments	9,862	-	-	-	
XOCET	Exceptional circumstances, impractical to follow normal procurement process - Mandela Month	-	129,994	-	-	
		746,642	**4,751,532**	**7,758,569**	**12,650,251**	

		2014 R	2013 R

43.8 Awards made to family members in service of the state (SCM reg 45)

Item description	Relationship		
Imvusa Trading 1581(8/2/1/63(10))	The shareholders family member is in the service of Oudtshoorn Municipality.	177,602	1,160,029
Inyameko Trading 1147	The supplier had a member working at the WC Department of Health	-	23,530
RCJP Catering Services	The supplier had a family member working at the NPA	4,330	23,530
Amba and Associates	The suppliers brother is a Councillor at another Municipality	-	200,935
Casidra	Director is working at the deparment of agriculture	62,510	385,570
Kamvelihle General Trading	Unclear relationship, but family member in service of the state.	723,900	494,925
Landis + GYR	Unclear relationship, but family member in service of the state.	36,480	152,863
MAEMSA	Supplier in service of the Department of Energy	-	25,956
Jophilmar Construction	Spouse is in service of Oudtshoorn Municipality	197,506	286,352
J C Campher & Brink Trading CC	Family member is in service of the state	1,417	-
Daisy General Construction	Family member is in service of the state	11,000	-
Volmoed Quarries	Family member is in service of Oudtshoorn Municipality	271,117	-
Buffelsdrift Clay Mine	The suppliers family member is a Councillor at the Municipality	236,812	-
African Pillars Development	Family member is in service of Oudtshoorn Municipality's Council Support	89,995	-
MJ Loksen Builders	Family member is in service of Oudtshoorn Municipality	2,217	-
De Wildevogel General Trading (Pty) Ltd T A Africa	Family member is the chair person in service of Oudtshoorn Municipality's Technical Services	488,050	-
Spring Forest Trading 184 cc	Mother in law is in service of Oudtshoorn Municipality	73,900	53,943
Vukani Builders	The suppliers son is a Councillor at the Municipality	-	89,151
Patricia Nontobeko Myo	The suppliers is in the service of the state	-	12,561
Elsabe Lottering	The suppliers is in the service of the state	-	5,000
Bright Idea Project 1321 CC	The suppliers is in service of the state	-	8,000
WFJE General Trading	The suppliers is in service of the state	12,000	17,600
LS Construction	The suppliers is in service of the state	-	8,000
Busi's Hire	The suppliers wife is in service of Oudtshoorn Municipality	5,679	13,671
MS. BA April	The father of the bidder is the Executive Mayor of Oudtshoorn Municipality	-	112,500
		2,394,516	**3,074,114**

44 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:	12,826,266	7,242,130
Total commitments consist out of the following:		
Blossoms Pipeline borehole	2,747,216	3,406,809
Construction of a conference Facility and offices at the De Jager Sport Complex	-	892,605
Construction of New Substation in Dysselsdorp	-	281,523
Low Voltage Reticulation,Service Connection and Installation of Ready Boards	-	19,847
Supply, Delivery and Refurbishment of Electrical Test Equipment	-	147,607
Construction of a Taxi Rank in Dysselsdorp	825,029	2,493,739
Fleet management for vehicles	1,386,354	
DAGEOS 3 year Drilling Contract: Drilling of Exploration, Monitoring and Production Boreholes: Blossoms and Mistkraal Wellfield	6,647,385	
Bongolethu Sportfield Lighting, Oudtshoorn	668,125	
Upgrading the Irrigation system for the Blomnek sportsfield in De Rust	552,158	

This expenditure will be financed from:

External Loans	-	4,748,391
Own Funding	634,455	-
Government Grants	12,191,811	2,493,739
	12,826,266	**7,242,130**

		2014 R	2013 R

45 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2013 - 0.5%) Increase in interest rates	(1,429,875)	(632,614)
0.5% (2013 - 1%) Decrease in interest rates	714,938	1,265,227

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2014 %	2014 R	2013 %	2013 R
Non-Exchange Receivables				
Rates	100.00%	6,382,818	100.00%	5,842,557
Exchange Receivables				
Electricity	9.98%	4,785,553	14.41%	5,632,187
Water	56.99%	27,328,287	49.47%	19,341,799
Refuse	14.52%	6,961,158	15.58%	6,091,111
Sewerage	15.18%	7,280,559	16.29%	6,370,145
Other	3.34%	1,600,781	4.25%	1,659,902
	100.00%	47,956,338	100.00%	39,095,144

			2014 R	2013 R
The provision for bad debts could be allocated between the different categories of debtors as follows:				
Government	0.53%	280,806	0.33%	149,007
Business	5.14%	2,741,516	7.43%	3,337,580
Residential	77.29%	41,237,889	73.03%	32,820,170
Indigents	17.04%	9,093,918	19.21%	8,630,945
	100.00%	53,354,130	100.00%	44,937,701

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

Receivables from exchange transactions	54,006,321	46,762,549
Receivables from non-exchange transactions	15,350,469	42,925,953
Cash and Cash Equivalents	3,378,257	16,974,605
Unpaid conditional grants and subsidies	5,286,351	981,375
	78,021,398	107,644,482

The municipality issued some guarantees in favour of trade creditors. Refer note 22

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2014	**Less than 1 year**	**Between 1 and 5 years**	**Between 5 and 10 years**	**Over 10 Years**
Long Term liabilities	29,711,045	66,066,247	48,181,567	2,808,790
Capital repayments	15,068,476	39,120,757	38,462,000	2,480,661
Interest	14,642,570	26,945,490	9,719,567	328,129
Trade and Other Payables	38,485,521	-	-	-
Unspent conditional government grants and receipts	12,478,636	-	-	-
	80,675,202	66,066,247	48,181,567	2,808,790

2013	**Less than 1 year**	**Between 1 and 5**	**Between 5 and 10 years**	**Over 10 Years**
Long Term liabilities	29,489,998	70,971,406	60,504,106	5,484,326
Capital repayments	14,848,434	39,644,345	45,943,592	4,844,001
Interest	14,641,564	31,327,061	14,560,514	640,326
Trade and Other Payables	29,335,640	-	-	-
Unspent conditional government grants and receipts	12,524,017	-	-	-
Cash and Cash Equivalents	-			
	71,349,656	70,971,406	60,504,106	5,484,326

			2014 R	2013 R
46	**FINANCIAL INSTRUMENTS**			
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:			
	The fair value of financial instruments approximates the amortised costs as reflected below.			
46.1	**Financial Assets**	**Classification**		
	Investments			
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	54,006,321	46,762,549
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	1,491,648	9,487,635
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	1,876,075	7,476,436
	Cash Floats and Advances	Financial instruments at amortised cost	10,534	10,534
			57,384,578	**63,737,154**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		57,384,578	63,737,154
	At amortised cost		**57,384,578**	**63,737,154**
46.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	79,823,444	90,431,939
	Capitalised Lease Liability	Financial instruments at amortised cost	764,254	1,787,289
	Payables from exchange transactions			
	Trade and other	Financial instruments at amortised cost	35,751,813	24,497,561
	Deposits	Financial instruments at amortised cost	1,325,633	1,083,542
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	15,068,476	14,848,433
	Capitalised Lease Liability	Financial instruments at amortised cost	1,132,351	1,239,382
			133,865,971	**133,888,147**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**133,865,971**	**135,687,360**

47 EVENTS AFTER THE REPORTING DATE

a Legal opinion was obtained which determined that the dispensation in the Cango Caves Ordinance 5 of 1971 has been overtaken by the provisions of our Constitution and the provisions of the Finance Management and Systems Act. It is to the Constitution and those Acts that regard must now have and not to the 1971 Ordinance. As such the effective 1 July the Cango Caves will be considered to be a formal part of the Oudsthoorn Municipality and governed as such.

48 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance:

Development Bank of South Africa-Secondment of staff

49 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

50 CONTINGENT LIABILITY

50.1 Municipality vs Nurcha
Nurcha provided bridging finance for a contractor who was appointed by the municipality. The contractor failed to fulfill his obligations towards Nurcha. Nurcha now holds the municipality responsible for the amount owed by the contractor. If the court rules in favour of Nurcha, the municipalilty will have to pay them an amount of R 4,5 million. This amount includes any related legal fees.

50.2 DA and 12 others vs Municipality
This matter involves an appeal against a judgement handed down in the High Court (Western Caoe Division) relating to inter alia to the removal of councillors of the Oudtshoorn Municipality for absence from Council meetings. The application for leave to appeal is set to be heard on 9 October 2014. If the court does not rule in favour of the municipality, the municipality will have to pay an amount of approximately R400,000. This amount represents the legal costs and disbursements that the municipality may be liable for in the event that the application for leave appeal is unseccessful and no leave to appeal is granted by a Higher Court.

50.3 Tourvest Holdings (Pty) Ltd vs Municipality
This matter involves an application by Tourvest Holdings (Pty) Ltd for the review and setting aside of a tender award by the municipality to Second Avenue Restaurant CC for rental of the curio shop situated at the Cango Caves. The parties are in the process of exchanging pleadings. If the court rules in favour of Tourvest Holdings (Pty) Ltd, the municipality will have to pay approximately R300,000. This amount represents the legal costs and disbursements that the municipality may be liable for in the event that the application is successful.

		2014 R	2013 R

50 CONTINGENT LIABILITY

50.4 Feedem Pitsing (Pty) Ltd vs Municipality

This matter involves an application by Feedem Pitsing (Pty) Ltd for the review and setting aside for a tender award by the municipality to Second Avenue Restaurant CC for the rental of a restaurant and a sweet shop situated at the Cango Caves. The parties are in the process of exchanging pleadings. If the court rules in favour of Tourvest Holdings (Pty) Ltd, the municipality will have to pay approximately R300,000. This amount represents the legal costs and disbursements that the municipality may be liable for in the event that the application is successful.

50.5 Orders and Interdicts

Several matters of which the detail is unknown at this stage, have been identified by Kobus le Grange attorneys.These matters can be seen as contingent liabilities. The possible amount payable as indicated by the attorney is R250,000. If the court does not rule in favour of the municipality, the municipality will have to pay an amount of approximately R150,000 for interdicts and R100,000 for eviction orders. These amounts represents the legal costs and disbursements that the municipality may be liable for in the event that the application for leave appeal is unseccessful and no leave to appeal is granted by a Higher Court.

50.6 DA Cope Coalition vs Municipality

Removal of Councillors for absence from 3 consecutive meetings. This matter is currently pending appeal in the Supreme Court of Appeals. If the court does not rule in favour of the municipality, the municipality will have to pay an amount of approximately R3 million.

51 CONTINGENT ASSET

51.1 Municipality vs C Shell

a Developer approached the supreme court of appeal to review a decision by the municipality to cancel the award of the tender, alleging that it had acquired rights to to the contract. The appeal was rejected with costs on 24 May 2013. a Further appeal was lodged with the Constitutional court which was rejected with costs on 1 August 2013. According to Council's legal advisors, it is certain that the proceedings will result in the recovery of legal fees. The amount could not be quantified at year end.

51.2 DA Cope Coalition vs John Stoffels

A cost order against the DA Cope Coalition was granted by the court in the court case that dealt with the illegal take over of Council during May 2013. According to the cost order, an amount of R2.6 million must be paid back to the municipality in legal fees. This matter is in court again as the DA led coalition is disputing the matter.

52 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

52.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

52.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

52.3 Transactions with councillors other than service fees

	Recovery of Legal Fees	Interest Charged	Impairment Expense	Total
E Fortuin	152,941	6,819	(159,760)	-
PL Roberts	152,941	6,819	(159,760)	-
D De Jager	152,941	6,819	(159,760)	-
PA Nel	4,752,941	211,902	(4,964,843)	-
BN Van Wyk	152,941	6,819	(159,760)	-
F Magxaka	152,941	6,819	(159,760)	-
J Maxim	152,941	6,819	(159,760)	-
RR Wildschut	152,941	6,819	(159,760)	-
DJ Fourie	152,941	6,819	(159,760)	-
VI van der Westhuizen	152,941	6,819	(159,760)	-
CD Macpherson	152,941	6,819	(159,760)	-
J Harmse	152,941	6,819	(159,760)	-
J Krowitz	152,941	6,819	(159,760)	-

52.4 Outstanding balances owed by / (owing to) councillors

	Service fees outstanding	Other fees outstanding	Total
G April	3,660	-	3,660
E Fortuin	-	159,760	159,760
PL Roberts	-	159,760	159,760
D De Jager	-	159,760	159,760
PA Nel	(1,106)	4,964,843	4,963,737
BN Van Wyk	811	159,760	160,570
F Magxaka	-	159,760	159,760
J Maxim	-	159,760	159,760
M Wagenaar	18,423	-	18,423
RR Wildschut	-	159,760	159,760
DJ Fourie	-	159,760	159,760
VI van der Westhuizen	32	157,638	157,670
CD Macpherson	82	159,760	159,842
J Harmse	1,821	159,760	161,581
SC Biljohn	-	(114)	(114)
J Krowitz	3,827	159,760	163,587

		2014 R	2013 R
52.5	**Other related party transactions**		
52.5.1	Refer to Note 43.8 for detail on related party transactions		
52.5.2	To date the Cango Caves was treated as an entity of Oudtshoorn Municipality. This was done based on accounting standards and recommendations received from professionals during the past three years. The municipality is currently administering the affairs of the Cango Caves according to Ordinance 5 of 1971.		
52.6	**Entity Transactions**		
	Cango Caves Administrative Fee	(1,166,774)	(1,149,928)
	Cango Caves Advance	(941,029)	16,985,607
	Previously reported	-	1,789,458
	Prior Period error refer note 36	-	(2,086,902)
	Prior Period Error (refer note 36)	-	17,283,051
	Cango Caves lease payment	(1,256,761)	(1,049,925)
	Donation of asset by Cango Caves	-	511,754

53 OTHER MATTERS

At present the minister of Local Government and Environmental Affairs of the Western Cape is accused of having arranged a illegal takeover of the Municipal Council on 31 May 2013, further influence led to the councillors from the Democratic Alliance not attending the council meeting held on 6 February 2014, which resulted in them being removed as councillors. This matter is being adressed in the High court.

These actions have had a profound impact on the Municipality as due to these actions and the ensuing political instability the council was forced to incur additional expenditure on legal fees as well as security.

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value	Cost							Accumulated Depreciation and Impairment Losses							
	Opening Balance R	Correction	Restated opening balance	Transfers	Additions R	Written Off R	Closing Balance R	Opening Balance R	Correction	Restated opening balance	Transfers	Depreciation R	Written Off R	Closing Balance R	Carrying Value R
Land and Buildings	**114,331,887**	**-**	**114,331,887**	**-**	**211,294**	**-**	**114,543,181**	**1,934,891**	**-**	**1,934,891**	**-**	**381,925**	**-**	**2,316,815**	**112,226,365**
Land	81,541,717	-	81,541,717	-	-	-	81,541,717	-	-	-	-		-	-	81,541,717
Buildings	32,790,169	-	32,790,169	-	211,294	-	33,001,463	1,934,891	-	1,934,891	-	381,925	-	2,316,815	30,684,648
Infrastructure	**544,462,803**	**-**	**544,462,803**	**-**	**36,998,296**	**-**	**581,461,099**	**174,292,100**	**-**	**174,292,100**	**-**	**13,257,924**	**-**	**187,550,025**	**393,911,074**
Electricity	60,394,733	-	60,394,733	-	2,411,905		62,806,638	19,298,714	-	19,298,714	-	1,687,864	-	20,986,579	41,820,059
Water	282,349,878	-	282,349,878	-	20,184,314		302,534,192	99,054,902	-	99,054,902	-	4,683,681	-	103,738,583	198,795,609
Sanitation	31,029,070	-	31,029,070	-	6,723,882		37,752,952	11,143,727	-	11,143,727	-	858,802	-	12,002,529	25,750,423
Roads and Stormwater	170,689,122	-	170,689,122	-	7,678,195		178,367,317	44,794,757	-	44,794,757	-	6,027,577	-	50,822,334	127,544,983
Community Assets	**84,850,271**		**84,850,271**	**-**	**4,308,693**	**-**	**89,158,964**	**4,383,435**	**-**	**4,383,435**	**-**	**865,202**	**-**	**5,248,637**	**83,910,327**
Parks and Gardens	34,188,069	-	34,188,069	-	-	-	34,188,069	3,124,503	-	3,124,503	-	349,529	-	3,474,032	30,714,037
Libraries	4,063,756	-	4,063,756	-	-	-	4,063,756	198,319	-	198,319	-	40,614	-	238,933	3,824,823
Recreation Grounds	37,965,846	-	37,965,846	-	4,308,693	-	42,274,539	629,468	-	629,468	-	388,804	-	1,018,272	41,256,267
Civic Buildings	8,632,600	-	8,632,600	-	-	-	8,632,600	431,145	-	431,145	-	86,255	-	517,400	8,115,200
Lease Assets	**9,791,869**	**-**	**9,791,869**	**-**	**123,608**	**-**	**9,915,477**	**7,021,472**	**-**	**7,021,472**	**-**	**1,210,687**	**-**	**8,232,160**	**1,683,318**
Vehicles and Office Equipment	9,791,869	-	9,791,869		123,608		9,915,477	7,021,472	-	7,021,472		1,210,687		8,232,160	1,683,318
Other Assets	**40,573,457**		**40,573,457**	**-**	**1,701,102**	**(449,599)**	**41,824,960**	**21,160,212**	**-**	**21,160,212**	**-**	**4,041,589**	**(345,215)**	**24,856,586**	**16,968,373**
Office Equipment	4,351,024	-	4,351,024		30,787	(181,929)	4,199,881	2,352,892	-	2,352,892		605,895	(136,500)	2,822,288	1,377,593
Furniture & Fittings	5,958,389	-	5,958,389		7,907	(49,027)	5,917,269	3,974,537	-	3,974,537		658,539	(37,869)	4,595,207	1,322,062
Motor vehicles	5,260,394	-	5,260,394		217,461	-	5,477,855	2,264,631	-	2,264,631		448,975	-	2,713,606	2,764,249
Emergency Equipment	395,524	-	395,524		-	-	395,524	222,953	-	222,953		57,737	-	280,690	114,834
Computer Equipment	4,118,091	-	4,118,091		60,564	(81,844)	4,096,811	2,112,050	-	2,112,050		547,562	(66,234)	2,593,378	1,503,433
Workshop Equipment and Tools	6,027,712	-	6,027,712		1,384,385	(136,799)	7,275,297	3,591,686	-	3,591,686		645,929	(104,612)	4,133,003	3,142,294
Trucks	14,462,323	-	14,462,323		-	-	14,462,323	6,641,462	-	6,641,462		1,076,951	-	7,718,414	6,743,909
	794,010,287	**-**	**794,010,287**	**-**	**43,342,993**	**(449,599)**	**836,903,681**	**208,792,110**	**-**	**208,792,110**	**-**	**19,757,327**	**(345,215)**	**228,204,222**	**608,699,457**

30 JUNE 2013

Reconciliation of Carrying Value	**Cost**							**Accumulated Depreciation and Impairment Losses**							**Carrying Value**
	Opening Balance R	**Adjustments**	**Restated Opening Balance**	**Transfers**	**Additions R**	**Written off R**	**Closing Balance R**	**Opening Balance R**	**Adjustments**	**Restated**	**Transfers**	**Depreciation R**	**Written off R**	**Closing Balance R**	**R**
Land and Buildings	**123,483,978**	**3,112,400**	**126,596,378**	**617,508**	**-**	**(12,882,000)**	**114,331,887**	**992,101**	**-**	**992,101**	**565,934**	**376,856**	**-**	**1,934,891**	**112,396,996**
Land	91,372,434	3,112,400	94,484,834	(61,117)	-	(12,882,000)	81,541,717	-	-	-	-			-	81,541,717
Buildings	32,111,544	-	32,111,544	678,625	-	-	32,790,169	992,101	-	992,101	565,934	376,856	-	1,934,891	30,855,279
Infrastructure	**514,728,778**	**-**	**514,728,778**	**-**	**29,781,325**	**(47,300)**	**544,462,803**	**162,348,337**	**(25,492)**	**162,322,845**	**-**	**11,995,433**	**(26,179)**	**174,292,100**	**370,170,702**
Electricity	57,108,337	1,830,605	58,938,942	-	1,455,792		60,394,733	17,997,622	13,313	18,010,935	-	1,287,779		19,298,714	41,096,019
Water	272,457,659	(310,210)	272,147,449	-	10,202,428		282,349,878	94,078,355	16,010	94,094,365	-	4,960,538		99,054,902	183,294,975
Sanitation	27,068,018	-	27,068,018	-	3,961,052	-	31,029,070	10,460,106	(15,430)	10,444,677	-	699,050	-	11,143,727	19,885,343
Roads and Stormwater	158,094,764	(1,520,395)	156,574,369	-	14,162,053	(47,300)	170,689,122	39,812,254	(39,386)	39,772,868	-	5,048,067	(26,179)	44,794,757	125,894,365
Community Assets	**37,420,138**	**34,542,600**	**71,962,738**	**-**	**12,887,533**	**-**	**84,850,271**	**885,194**	**2,785,809**	**3,671,004**	**-**	**712,431**	**-**	**4,383,435**	**80,466,836**
Parks and Gardens	554,069	33,634,000	34,188,069	-	-	-	34,188,069	23,588	2,751,387	2,774,974	-	349,529	-	3,124,503	31,063,566
Libraries	2,903,756	1,160,000	4,063,756	-	-	-	4,063,756	113,239	44,467	157,705	-	40,614	-	198,319	3,865,437
Recreation Grounds	25,078,313	-	25,078,313	-	12,887,533	-	37,965,846	393,435	-	393,435	-	236,033	-	629,468	37,336,378
Civic Buildings	8,884,000	(251,400)	8,632,600	-	-	-	8,632,600	354,933	(10,044)	344,889	-	86,255	-	431,145	8,201,455
Lease Assets	**9,166,649**	**-**	**9,166,649**	**-**	**625,220**	**-**	**9,791,869**	**5,533,791**	**-**	**5,533,791**	**-**	**1,487,681**	**-**	**7,021,472**	**2,770,397**
Vehicles and Office Equipment	9,166,649		9,166,649	-	625,220		9,791,869	5,533,791	-	5,533,791	-	1,487,681		7,021,472	2,770,397
Other Assets	**41,328,946**	**96,127**	**41,425,073**	**(678,625)**	**2,510,783**	**(2,683,773)**	**40,573,457**	**19,503,256**	**40,489**	**19,543,745**	**(645,022)**	**3,575,067**	**(1,313,578)**	**21,160,212**	**19,413,245**
Office Equipment	4,675,786	15,167	4,690,954	(525,296)	512,546	(327,180)	4,351,024	2,500,256	3,249	2,503,505	(488,518)	523,496	(185,591)	2,352,892	1,998,132
Furniture & Fittings	5,774,477	20,675	5,795,152	-	262,283	(99,046)	5,958,389	3,425,690	15,406	3,441,096	(27,485)	618,854	(57,928)	3,974,537	1,983,852
Motor vehicles	6,076,957	-	6,076,957	-	33,158	(849,720)	5,260,394	2,189,329	-	2,189,329	(8,744)	427,607	(343,561)	2,264,631	2,995,763
Emergency Equipment	439,886	3,143	443,030	-	-	(47,506)	395,524	178,735	1,269	180,003	(12,967)	58,015	(2,098)	222,953	172,571
Computer Equipment	3,082,244	54,465	3,136,709	(153,329)	1,158,592	(23,880)	4,118,091	1,851,518	19,192	1,870,710	(105,942)	363,925	(16,644)	2,112,050	2,006,042
Workshop Equipment and Tools	6,050,112	2,677	6,052,789	-	368,765	(393,842)	6,027,712	3,252,734	1,373	3,254,108	(1,366)	537,337	(198,393)	3,591,686	2,436,025
Trucks	15,229,484	-	15,229,484	-	175,439	(942,599)	14,462,323	6,104,993	-	6,104,993	-	1,045,832	(509,363)	6,641,462	7,820,861
	726,128,489	**37,751,127**	**763,879,617**	**(61,117)**	**45,804,860**	**(15,613,073)**	**794,010,287**	**189,262,680**	**2,800,807**	**192,063,486**	**(79,088)**	**18,147,469**	**(1,339,757)**	**208,792,110**	**585,218,176**

		2014 R	2013 R
36	**CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)**		

Prior year adjustments due to non-compliance with Accounting policy and errors

k) Prior period error recognised ito the Suspense debtors, a loan to Cango Caves which was previously impaired in error is reversed and interest raised ito the PFMA. The correction is made retrospectively (Dt) Caves Advance (Kt) Accumulated Surplus.

l) Prior period error recognised ito the other debtors, PAYE and UIF not deemed recoverable after underdeduction on fringe benefit. The correction is made retrospectively (Dt) Accumulated surplus (Kt) Debtors.

m) A prior period disclosure error due to interdepartmental charges between the KKLWVS and the Municipality not eliminated. The correction is made retrospectively (Dt) Accumualted surplus (Kt) Accumulated Surplus.

n) A prior period disclosure error due to old credit balances on debtors incorrectly recognised. The correction is made retrospectively (Dt) Receivables from Exchange (Kt) Accumulated Surplus.

o) Prior year correction on land and community assets not belonging to the Municipality. The following entries were processed (Kt) PPE (Land and Community Assets) (Dt) Accumulated Surplus

p) Prior year correction on land and community assets not belonging to the Municipality. The following entries were processed (Dt) Acc Depreciation (Community Assets) (Kt) Accumulated Surplus

q) A debtor was recognised in the prior year for bulk purchases which Eskom overcharged the municipality however the VAT portion of R1 199 968 was incorrectly adjusted to accumulated surplus instead of the VAT control account in the prior period. The following entry was processed to correct this (Dt) Accumulated Surplus (Kt) VAT

r) The additional input vat recognised, as a result of a vat review to ensure input vat was correctly claimed, was incorrectly recognised as other income disclosed as revenue from exchange transactions instead of being deducted against the appropriate expense vote. The following entry was processed to correct this in the prior year (Dt) Accumulated Surplus (Kt) Accumulated Surplus

s) Prior year correction on VAT claimable of the Cango Caves. The following entry was processed to correct this in the prior year (Dt) VAT (Kt) Caves Advance

t) Prior year correction due to reclassification of operating grant expenditure to other expenses. The operating grant expenditure was listed in the income statement, but is a function and not a nature as the rest of the items in the income statement are. For this reason the reclassification of the prior year expenditure was affected. The following entry was processed to correct this in the prior year (Dt) Accumulated Surplus (General Expenses; Repairs & Maintenance; Employee Related Costs; Contracted Services) (Kt) Accumulated Surplus (Operating Grant Expenditure)

36.2 Accumulated Surplus

Balance previously reported		**456,325,496**
	3,035,248	**47,242,364**
Correction on operating lease asset - see note 36.1.a	(515,124)	(1,196,672)
Correction on finance lease asset depreciation- see note 36.1.b	(31,125)	-
Correction on finance lease liability - see note 36.1.b	62,251	-
Correction on finance lease asset Cost - see note 36.1.b	(62,251)	-
Correction on finance lease asset finance charges- see note 36.1.b	(5,892)	-
Correction on finance lease asset Contracted services- see note 36.1.b	35,164	-
Correction on property Plant and Equipment- see note 36.1.c	(413)	-
First time recognition of other assets at fair value - cost component - see note 36.1d		38,141,127
First time recognition of other assets at fair value - depr component - see note 36.1e	(361,703)	(2,836,342)
Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1f	11,045	104,581
Correction on acting allowances paid - see note 36.1.g	(120,895)	
Prior year correction of old VAT balances - see note 36.1.h	2,200,904	(2,259,364)
Prior year correction of old Sundry creditors balances - see note 36.1.i	1,629,037	291,071
Prior year correction of Sundry debtors - see note 36.1.j	191,738	33,663
Prior year correction of Cango Caves Advance - see note 36.1.k	-	7,000,000
Prior year correction of Cango Caves Advance - see note 36.1.k	-	10,283,051
Prior year correction on Sundry debtors - see note 36.1.l	-	(909,431)
Prior year correction on Sundry debtors - see note 36.1.l	-	(27,673)
Prior year correction on Interdepartmental Charges - see note 36.1.m	859,064	1,958,192
Prior year correction on Interdepartmental Charges - see note 36.1.m	(859,064)	(1,958,192)
Prior year correction on Assets not belonging to the Municipality - see note 36.1.o	-	(390,000)
Prior year correction on Assets not belonging to the Municipality - see note 36.1.p	2,512	10,044
Prior year correction on credit balances included in Debtors - see note 36.1.n	-	198,277
Prior year correction on VAT control - see note 36.1.q	-	(1,199,968)
Prior year correction of Other Income 36.1.r	(2,932,278)	-
Prior year correction of Other Income 36.1.r	2,932,278	-
Prior year correction of Operating Grant Expenditure 36.1.t	24,339,309	
Prior year correction of Operating Grant Expenditure 36.1.t	(24,339,309)	
Restated balance	**3,035,248**	**503,567,860**

		2013 R
36.3	**Operating lease Asset**	
	Balance previously reported	1,765,745
	Correction on operating lease asset - see note 36.1.a	(1,711,796)
	Restated balance	**53,949**

			2014 R	2013 R
36		**CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)**		
	36.4	**Capitalised Lease Liability - At amortised cost**		
		Balance previously reported		3,026,671
		Correction on finance lease liability - see note 36.1.b		(29,272)
		Correction on finance lease liability - see note 36.1.b		62,251
		Restated balance		**3,059,650**
	36.5	**Value Added Tax**		
		Balance previously reported		2,880,576
		Prior year correction of old VAT balances - see note 36.1.h		(58,460)
		Prior year correction on VAT control - see note 36.1.q		(1,199,968)
		Prior year correction on VAT claimable of Caves - see note 36.1.s		2,086,902
		Restated balance		**3,709,050**
	36.6	**Sundry Creditors**		
		Balance previously reported		26,296,775
		Correction on acting allowances paid - see note 36.1.g		120,895
		Prior year correction of old Sundry creditors balances - see note 36.1.i		(1,920,109)
		Restated balance		**24,497,561**
	36.7	**Receivables from non exchange transactions - Suspense Debtors**		
		Balance previously reported		17,633,750
		Prior year correction of Sundry debtors - see note 36.1.j		225,401
		Prior year correction of Cango Caves Advance - see note 36.1.k		7,000,000
		Prior year correction of Cango Caves Advance - see note 36.1.k		10,283,051
		Prior year correction on Sundry debtors - see note 36.1.l		(909,431)
		Prior year correction on Sundry debtors - see note 36.1.l		(27,673)
		Prior year correction on VAT claimable of Caves - see note 36.1.s		(2,086,902)
		Restated balance		**32,118,196**
	36.8	**Property Plant and Equipment**		
		Balance previously reported		550,506,199
		Correction on finance lease asset Cost - see note 36.1.b		62,251
		Correction on finance lease asset depreciation- see note 36.1.b		(31,125)
		Correction on property Plant and Equipment- see note 36.1.c		(413)
		First time recognition of other assets at fair value - cost component - see note 36.1d		38,141,127
		First time recognition of other assets at fair value - depr component - see note 36.1e		(3,198,046)
		Prior year correction on Assets not belonging to the Municipality - see note 36.1.o		(390,000)
		Prior year correction on Assets not belonging to the Municipality - see note 36.1.p		12,556
		Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1f		115,626
		Restated balance		**585,218,175**
	36.9	**Receivables from exchange transactions**		
		Balance previously reported		85,857,693
		Prior year correction on credit balances included in Debtors - see note 36.1.n		198,277
		Prior year correction on credit balances included in Debtors - see note 36.1.n		(198,277)
		Restated balance		**85,857,693**
	36.10	**Operating Grant Expenditure**		
		Balance previously reported		24,339,309
		Prior period error due to reclassification to General Expenses - see note 36.1.t		(16,824,491)
		Prior period error due to reclassification to Repairs & Maintenance - see note 36.1.t		(4,056,984)
		Prior period error due to reclassification to Employee Related Costs - see note 36.1.t		(1,671,671)
		Prior period error due to reclassification to Contracted Services - see note 36.1.t		(1,786,163)
				-

			2014 R	2013 R
46	**FINANCIAL INSTRUMENTS**			
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:			
	The fair value of financial instruments approximates the amortised costs as reflected below.			
46.1	**Financial Assets**	**Classification**		
	Investments			
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	54,006,321	46,762,549
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	1,491,648	9,487,635
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	1,876,075	7,476,436
	Cash Floats and Advances	Financial instruments at amortised cost	10,534	10,534
			57,384,578	**63,737,154**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		57,384,578	63,737,154
	At amortised cost		**57,384,578**	**63,737,154**
46.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	79,823,444	90,431,939
	Capitalised Lease Liability	Financial instruments at amortised cost	764,254	1,787,289
	Payables from exchange transactions			
	Trade and other	Financial instruments at amortised cost	35,751,813	24,497,561
	Deposits	Financial instruments at amortised cost	1,325,633	1,083,542
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	15,068,476	14,848,433
	Capitalised Lease Liability	Financial instruments at amortised cost	1,132,351	1,272,361
			133,865,971	**133,921,125**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**133,865,971**	**133,921,125**

47 EVENTS AFTER THE REPORTING DATE

a Legal opinion was obtained which determined that the dispensation in the Cango Caves Ordinance 5 of 1971 has been overtaken by the provisions of our Constitution and the provisions of the Finance Management and Systems Act. It is to the Constitution and those Acts that regard must now have and not to the 1971 Ordinance. As such the effective 1 July the Cango Caves will be considered to be a formal part of the Oudsthoorn Municipality and governed as such.

48 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance:

Development Bank of South Africa-Secondment of staff

49 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

50 CONTINGENT LIABILITY

50.1 Municipality vs Nurcha

Nurcha provided bridging finance for a contractor who was appointed by the municipality. The contractor failed to fulfill his obligations towards Nurcha. Nurcha now holds the municipality responsible for the amount owed by the contractor. If the court rules in favour of Nurcha, the municipalilty will have to pay them an amount of R 4,5 million. This amount includes any related legal fees.

50.2 DA and 12 others vs Municipality

This matter involves an appeal against a judgement handed down in the High Court (Western Caoe Division) relating to inter alia to the removal of councillors of the Oudtshoorn Municipality for absence from Council meetings. The application for leave to appeal is set to be heard on 9 October 2014. If the court does not rule in favour of the municipality, the municipality will have to pay an amount of approximately R400,000. This amount represents the legal costs and disbursements that the municipality may be liable for in the event that the application for leave appeal is unseccessful and no leave to appeal is granted by a Higher Court.

50.3 Tourvest Holdings (Pty) Ltd vs Municipality

This matter involves an application by Tourvest Holdings (Pty) Ltd for the review and setting aside of a tender award by the municipality to Second Avenue Restaurant CC for rental of the curio shop situated at the Cango Caves. The parties are in the process of exchanging pleadings. If the court rules in favour of Tourvest Holdings (Pty) Ltd, the municipality will have to pay approximately R300,000. This amount represents the legal costs and disbursements that the municipality may be liable for in the event that the application is successful.

APPENDIX A - Unaudited
OUDTSHOORN LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2013	Correction	Balance at 30 JUNE 2013 Restated	Received during the period	Redeemed/ written off during the period	Balance at 30 JUNE 2014
ANNUITY LOANS									
ABSA	Prime-0.5%	3028182572	2015/06	696,384	-	696,384	-	(338,653)	357,731.00
Standard Bank	12.65%	-	2021/06	19,775,110	-	19,775,110	-	(1,405,906)	18,369,203.82
Standard Bank	11.70%	-	2021/06	6,266,629	-	6,266,629	-	(1,543,892)	4,722,736.52
Standard Bank	11.09%	-	2022/12/31	7,568,558	-	7,568,558	-	(799,188)	6,769,370.00
Standard Bank	11.70%	-	2023/06/20	27,176,272	-	27,176,272	-	(658,640)	26,517,632.35
FNB	11.97%	-	2016/06	8,720,917	-	8,720,917	-	(700,919)	8,019,997.88
Development Bank of SA				**35,076,502**	-	**35,076,502**	**-**	**(4,941,253)**	**30,135,249**
Urban Infrastructure Project 10608/1	14.00%	10608/1'01	2017/06	4,273,357	-	4,273,357	-	(738,559)	3,534,798
Multiple Infrastructure 101096/1	10.41%	101096/1	2024/06	7,335,994	-	7,335,994	-	(354,447)	6,981,546
Multiple Infrastructure 101096/2	10.16%	101096/2	2019/12	263,329	-	263,329	-	(27,410)	235,919
Electrification 9017	11.00%	9017	2013/12	1,775,878	-	1,775,878	-	(1,775,878)	-
Multiple Infrastructure 101647/1	7.59%	101647/1	2025/12	3,078,948	-	3,078,948	-	(236,842)	2,842,106
Multiple Infrastructure 101647/2	6.84%	101647/2	2020/06	1,071,429	-	1,071,429	-	(142,857)	928,572
Multiple Infrastructure 101647/3	6.88%	101647/3	2015/06	139,800	-	139,800	-	(55,920)	83,880
Infrastructure 102003/1	6.56%	102003/1	2025/12	7,526,316	-	7,526,316	-	(578,947)	6,947,369
Electricity And Water 102292/1	6.59%	102292/1	2026/06	4,094,008	-	4,094,008	-	(303,260)	3,790,748
Electricity And Water 102292/2	6.59%	102292/2	2016/06	1,246,427	-	1,246,427	-	(356,122)	890,305
Deep Aquifer Hydrogeological 13774	15.67%	13774	2021/06	603,051	-	603,051	-	(37,726)	565,325
Infrastructure 102617/1	6.27%	102617/1	2027/06	3,143,872	-	3,143,872	-	(216,819)	2,927,054
Infrastructure 102617/2	6.45%	102617/2	2017/06	524,092	-	524,092	-	(116,465)	407,627
Total Annuity Loans				**105,280,372**	**-**	**105,280,372**	**-**	**(10,388,451)**	**94,891,920**
LEASE LIABILITY									
Nissan UD 40L C/Cab 4.6T B&P/Load 554 GC19999	12.00%		2014/01	30,919		30,919		(30,920)	-
Isuzu KB 250 Fleetside (2007) CG24866	11.99%		2014/01	22,208		22,208		(22,207)	-
Isuzu KB 250 Fleetside (2007) CG22357	11.99%		2014/01	21,834		21,834		(21,833)	-
VW Citi Golf 1.4i Tenaciti EU2 CG24879	11.99%		2014/01	12,060		12,060		(12,060)	-
VW Citi Golf 1.4i Tenaciti EU2 CG24878	11.99%		2014/01	12,060		12,060		(12,060)	-
Isuzu KB 250 Fleetside (2007) CG24867	11.99%		2014/01	21,368		21,368		(21,368)	-
Opel Corsa Utility CG 26463	12.10%		2015/01	35,105		35,105		(21,393)	13,712
Isuzu KB 250 CG 26458	11,99%		2015/01	53,565		53,565		(32,644)	20,921
Isuzu KB 250 CG 26464	11.99%		2015/01	53,565		53,565		(32,644)	20,921
Isuzu KB 250 CG 26451	11.99%		2015/01	58,824		58,824		(35,848)	22,976
Panasonic Copier DP 180 Serial LGE4XW0085	12.01%		2013/08	1,872		1,872		(1,872)	-
Panasonic Copier DP 180 Serial IGE4XW00047	12.01%		2013/08	1,872		1,872		(1,872)	-
Panasonic Copier DP 180 Serial HGE4XW00003	12.01%		2013/08	1,872		1,872		(1,872)	-
Panasonic Copier DP 180 Serial KGE4XW00060	12.01%		2013/08	1,872		1,872		(1,872)	-
Panasonic Copier DP 180 Serial DGE4XW00134	12.01%		2013/08	1,872		1,872		(1,872)	-
Panasonic Copier DP 180 Serial KGE4XW00063	12.01%		2013/08	1,872		1,872		(1,872)	-
Chevrolet Aveo CG 7740	7.75%		2016/01	69,050		69,050		(26,043)	43,007
Chevrolet Aveo CG 7735	7.75%		2016/01	69,050		69,050		(26,043)	43,007
Chevrolet Aveo CG 7730	7.75%		2016/01	69,050		69,050		(26,043)	43,007
Chevrolet Aveo CG 7738	7.75%		2016/01	69,050		69,050		(26,043)	43,007
Ford Bantam CG 9433	7.75%		2016/01	65,824		65,824		(24,775)	41,048
Ford Bantam CG 9445	7.75%		2016/01	46,665		46,665		(17,576)	29,089
Ford Bantam CG 9442	7.75%		2016/01	48,784		48,784		(18,391)	30,393
Ford Bantam CG 9447	7.75%		2016/01	53,993		53,993		(20,353)	33,640
Nissan CG10994	9.00%		2016/01	148,951		148,951		(55,612)	93,340
Nissan CG10975	9.00%		2016/01	148,951		148,951		(55,612)	93,340
Nissan CG12180	9.00%		2016/02	77,298		77,298		(26,845)	50,453
Nissan CG12186	9.00%		2016/02	99,035		99,035		(34,394)	64,641
Nissan CG10243	9.00%		2016/01	84,859		84,859		(30,540)	54,320
Nissan CG1993	9.00%		2016/01	84,859		84,859		(30,540)	54,320
Nissan CG7605	9.00%		2016/01	84,859		84,859		(30,540)	54,320
Nissan CG7718	9.00%		2016/01	84,859		84,859		(30,540)	54,320
Nissan CG9038	9.00%		2016/01	65,219		65,219		(23,472)	41,748
Nissan CG14312	9.00%		2016/03	79,245		79,245		(27,521)	51,724
Nissan CG14241	9.00%		2016/03	79,245		79,245		(27,521)	51,724
Nissan CG14280	9.00%		2016/03	79,245		79,245		(27,521)	51,724
Nissan CG13212	9.00%		2016/03	79,245		79,245		(27,521)	51,724
Nissan CG14245	9.00%		2016/03	79,245		79,245		(27,521)	51,724
Nissan CG14285	9.00%		2016/03	79,245		79,245		(27,521)	51,724
Nissan CG13157	9.00%		2016/03	69,717		69,717		(24,212)	45,505
Nissan CG12199	9.00%		2016/02	79,683		79,683		(27,673)	52,010
Nissan CG10230	9.00%		2016/01	78,141		78,141		(28,122)	50,019
Nissan CG10239	9.00%		2016/01	78,141		78,141		(28,122)	50,019
Nashua Pro 1107 V5100200026	9.00%		2013/10	35,605		35,605		(35,604)	-
Panasonic QJK 0925717	9.00%		2013/12	23,265		23,265		(23,265)	-
Panasonic Copier Serial Z6A2B3DC100021	12.01%		2015/11	68,934		68,934		(26,130)	42,805
Ford Kuga 2,5 AWD Titanium Auto	11.99%		2015/10	235,817		235,817		(93,127)	142,691
Toyota Hilux 2.5 D-4D SRX R/B	11.99%		2018/02	178,800		178,800		(30,431)	148,369
C 253-SA E041002051	12.01%		2014/06	-	11,366	11,366		(11,366)	-
C253-SA E041002763	11.99%		2014/06	-	12,942	12,942		(12,942)	-
C200-SA F040001027	11.99%		2014/06	-	8,671	8,671		(8,671)	-
Colortrac Smart LF SC 36C - Serial number: H2401791	12.01%		2017/06	-	-	-	81,475	(1,891)	79,584
XEROX Pro C7120	12.01%		2017/06	-	-	-	42,133	(12,402)	29,731
Total Lease Liabilities				**3,026,672**	**32,979**	**3,059,651**	**123,608**	**(1,286,653)**	**1,896,605**
TOTAL EXTERNAL LOANS				**108,307,044**	**32,979**	**108,340,023**	**123,608**	**(11,675,104)**	**96,788,525**

APPENDIX B - Unaudited
OUDTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
MUNICIPAL VOTES CLASSIFICATION

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
12,289	1,602,692	1,614,982	Office of the Municipal Manager	32,334	(5,971,465)	(5,939,130)
-	(6,748,319)	(6,748,319)	Office of the Exec Mayor & Committee	-	(10,090,297)	(10,090,297)
-	(1,791,133)	(1,791,133)	Manager Corporate	-	(2,167,478)	(2,167,478)
151,745,419	(64,144,206)	87,601,212	Council General	167,125,196	(41,835,701)	125,289,495
-	(1,098,421)	(1,098,421)	Office of the Deputy Mayor	-	(772,208)	(772,208)
-	(838,346)	(838,346)	Office of the Speaker	-	(1,379,777)	(1,379,777)
-	(42,504)	(42,504)	Strategic Portfolio Committee	-	(15,000)	(15,000)
-	(22,797)	(22,797)	Finance Portfolio Committee	-	(9,400)	(9,400)
-	(33,915)	(33,915)	Corporate Portfolio Committee	-	(31,200)	(31,200)
-	(30,346)	(30,346)	Community Service Portfolio Committee	-	(22,383)	(22,383)
-	(29,726)	(29,726)	Technical Service Portfolio Committee	-	(606,268)	(606,268)
-	(6,812,961)	(6,812,961)	Legal services	-	(16,823,649)	(16,823,649)
-	(2,042,189)	(2,042,189)	Admin Finance	-	(834,671)	(834,671)
-	(9,961,952)	(9,961,952)	Finance Income	-	(9,852,093)	(9,852,093)
-	(4,408,389)	(4,408,389)	Finance Expenditure	-	(4,618,230)	(4,618,230)
-	(3,973,101)	(3,973,101)	Finance Accounting Services	-	(3,977,154)	(3,977,154)
-	(44,715)	(44,715)	Supply Chain Management	-	(42,107)	(42,107)
-	(8,964,976)	(8,964,976)	Administration	-	(8,650,233)	(8,650,233)
-	(5,276,582)	(5,276,582)	Human Resources	-	(4,649,920)	(4,649,920)
-	(2,125,987)	(2,125,987)	Computer Data / IT	-	(2,448,135)	(2,448,135)
-	(1,020,468)	(1,020,468)	Internal Audit	-	(1,091,360)	(1,091,360)
-	(13,216,273)	(13,216,273)	Corporate Wide Strategic Planning	-	(16,181,137)	(16,181,137)
-	(6,700,518)	(6,700,518)	Town Planning	-	(12,374,438)	(12,374,438)
15,921,386	(22,491,785)	(6,570,399)	Traffic & Licensing	20,419,075	(25,684,435)	(5,265,361)
-	(4,378,754)	(4,378,754)	Fire Fighting	-	(2,675,375)	(2,675,375)
-	(6,704,928)	(6,704,928)	Manager Community Services	-	(13,216,251)	(13,216,251)
-	(3,947,405)	(3,947,405)	Bridgton Community Hall	-	(3,733,663)	(3,733,663)
-	-	-	Bongolethu Community Hall	-	-	-
-	(1)	(1)	Dysseldorp Community Hall	-	-	-
-	(4,761,283)	(4,761,283)	Admin Library Services	-	(5,066,238)	(5,066,238)
-	8,031	8,031	Libraries	-	-	-
-	(1,691,552)	(1,691,552)	Cemetry & Crematoriums	-	(1,385,693)	(1,385,693)
1,502,444	(1,922,158)	(419,713)	Cango Mountain Resort	1,571,354	(1,958,276)	(386,923)
47,117	-	47,117	Cango Mountain Resort Restuarant	8,653	-	8,653
327,124	(202,994)	124,130	Bridgton Resort	384,032	(69,404)	314,628
-	(44,049)	(44,049)	Arbeidsgenot	-	(212,702)	(212,702)
-	(9,002,596)	(9,002,596)	Parks & Gardens	-	(6,664,447)	(6,664,447)
-	(2,891,085)	(2,891,085)	De Jager Sportcomplex	-	(3,008,782)	(3,008,782)
-	(95,824)	(95,824)	Sport & Recreation (Brid/De Rust and Bongl	-	(103,865)	(103,865)
-	210	210	Bridgton Sportgrounds	-	-	-
-	(1,571,927)	(1,571,927)	Swimming Pools	-	(1,885,126)	(1,885,126)
-	360	360	Bridgton Swembad	-	-	-
1,260,354	(20,301,754)	(19,041,399)	Housing	2,047,456	(30,832,386)	(28,784,930)
-	(1,513,283)	(1,513,283)	Bulk Waste	-	(1,306,615)	(1,306,615)
13,252,496	(12,958,431)	294,065	Refuse Removal	14,477,034	(9,551,795)	4,925,239
-	(56,029)	(56,029)	Sanitation	-	(16,958)	(16,958)
-	(10,271,728)	(10,271,728)	Street Cleansing	-	(8,239,886)	(8,239,886)
-	(234,996)	(234,996)	Main Roads	-	(155,428)	(155,428)
-	(9,612,317)	(9,612,317)	Admin Streets	-	(9,271,118)	(9,271,118)
-	(12,407,529)	(12,407,529)	Roads and Stormwater	-	(13,412,348)	(13,412,348)
-	(3,056,980)	(3,056,980)	Job Creation	-	(2,687,605)	(2,687,605)
-	(107,160)	(107,160)	Stormwater	-	(54,753)	(54,753)
-	(1,900,124)	(1,900,124)	Admin Sewerage	-	(1,614,776)	(1,614,776)
21,958,605	(5,485,126)	16,473,479	Sewerage Purification	24,043,277	(4,589,863)	19,453,415
311,198	(5,219,054)	(4,907,855)	Sewerage Network	309,556	(5,314,060)	(5,004,504)
1,001,227	(254,933)	746,294	Dysseldorp Sewerage	1,207,192	(195,732)	1,011,460
-	1	1	Public Toilets	-	-	-
37,814,209	(3,710,904)	34,103,305	Water Storage	35,271,167	(9,367,024)	25,904,143
-	(13,493,277)	(13,493,277)	Water Distribution	-	(16,427,923)	(16,427,923)
(1,331)	(198,287)	(199,618)	Dysseldorp Water	-	(235,167)	(235,167)
-	(1,853,735)	(1,853,735)	Manager Infrastructure	-	(1,291,030)	(1,291,030)
149,791,198	(7,411,742)	142,379,456	Admin Electricity	156,913,884	(3,042,969)	153,870,916
-	(116,862,775)	(116,862,775)	Electricity Distribution	-	(124,954,723)	(124,954,723)
7,018,198	(174,555)	6,843,643	Dysseldorp Electricity	7,540,709	(75,793)	7,464,915
-	(77,410)	(77,410)	Airport	-	(70,804)	(70,804)
320	(2,404,185)	(2,403,865)	Workshop/ Fleet	-	(2,684,368)	(2,684,368)
6,699,615	(7,555,061)	(855,446)	Klein Karoo Water Scheme	13,895,980	(7,199,830)	6,696,150
408,661,868	(434,543,574)	(25,881,706)	**Total**	445,246,899	(462,701,514)	(17,454,616)

APPENDIX C - Unaudited
OUDTSHOORN LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
151,757,708	(78,198,849)	73,558,859	Executive & Council	167,157,530	(77,557,348)	89,600,182
-	(21,450,815)	(21,450,815)	Budget & Treasury	-	(20,415,615)	(20,415,615)
-	(18,158,678)	(18,158,678)	Corporate Services	-	(17,915,766)	(17,915,766)
-	(19,916,792)	(19,916,792)	Planning & Development	-	(28,555,575)	(28,555,575)
-	(17,096,464)	(17,096,464)	Community & Social Services	-	(23,401,844)	(23,401,844)
1,260,354	(20,301,754)	(19,041,399)	Housing	2,047,456	(30,832,386)	(28,784,930)
15,921,386	(26,870,539)	(10,949,153)	Public Safety	20,419,075	(28,359,810)	(7,940,735)
1,876,685	(15,730,064)	(13,853,379)	Sport & Recreation	1,964,038	(13,902,602)	(11,938,563)
13,252,496	(24,799,471)	(11,546,975)	Waste Management	14,477,034	(19,115,254)	(4,638,220)
23,271,030	(12,966,397)	10,304,634	Waste Water Management	25,560,026	(11,769,185)	13,790,841
-	(25,311,822)	(25,311,822)	Road Transport	-	(25,526,498)	(25,526,498)
44,512,494	(24,957,529)	19,554,964	Water	49,167,147	(33,229,945)	15,937,202
156,809,396	(126,302,807)	30,506,589	Electricity	164,454,593	(129,364,514)	35,090,079
320	(2,481,595)	(2,481,275)	Other	-	(2,755,172)	(2,755,172)
408,661,868	(434,543,574)	(25,881,706)	**Total**	**445,246,899**	**(462,701,514)**	**(17,454,616)**

APPENDIX D - Unaudited
OUDTSHOORN LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2013	Correction	Restated Balance 1 JULY 2013	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2014
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	**R**	**R**	**R**	**R**	**R**	**R**	**R**
National Government Grants							
Equitable Share	-	-	-	45,958,000	45,958,000		-
Department of Water Affairs	-	-	-	5,460,000	5,460,000		-
RBIG Grant- (DWAF)	-	-	-	17,999,376		17,528,474	470,902
Local Government Financial Management Grant	-	-	-	1,300,000	1,169,438		130,562
DME Electrification New Housing Project	828,002	-	828,002	3,000,000		462,391	3,365,610
Municipal Systems Improvement Grant	-	-	-	890,000	890,000		-
Municipal Infrastructure Grant	-	-	-	18,824,000	450,000	18,345,064	28,936
Seta	-	-	-	329,834	329,834		-0
Extended Public Works Program	(965,113)	-	(965,113)	1,800,000	1,800,000		(965,113)
Infrastructure Van Wykskraal	(16,262)	-	(16,262)	-			(16,262)
Neighbourhood Development Grant Grant (NDPG)	839,970	-	839,970	-		839,969.60	-
Total National Government Grants	**686,596**	**-**	**686,596**	**95,561,210**	**56,057,272**	**37,175,899**	**3,014,635**
Provincial Government Grants							
CDW operational support grant	-	-	-	65,600	35,624	-	29,976
Library Services	-	-	-	738,000	738,000	-	-
Integrating Housing Settlement Grant	2,750,280	-	2,750,280	18,463,811	25,519,066	-	(4,304,975)
ABS Programme	3,739,646	-	3,739,646	5,152,537	2,047,457	-	6,844,726
Housing Consumer Education	48,681	-	48,681	-	-	-	48,681
Provincial Sport Grant	94,000	-	94,000	50,000	-	-	144,000
Public Transport Facilities	2,811,599	-	2,811,599	-	-	2,795,463	16,137
Military Sport Academy	1,000,000	-	1,000,000	-	-	912,066	87,934
Finance Management Support Grant	250,000	-	250,000	75,000	-	-	325,000
Municipal Finance Improvement Grant	-	-	-	1,016,640	205,572	-	811,068
Maintenance Main Road Subsidy	-	-	-	108,000	94,737	-	13,263
Total Provincial Government Grants	**10,694,205**	**-**	**10,694,205**	**25,669,588**	**28,640,456**	**3,707,528**	**4,015,809**
District Municipality Grants							
Upgrading of Rural Sport Grounds	137,744	-	137,744	-	-	-	137,744
LED Strategy	10,114	-	10,114	-	-	-	10,114
Recovery Plan	13,983	-	13,983	-	-	-	13,983
Total District Municipality Grants	161,841	-	161,841	-	-	-	161,841
TOTAL	**11,542,642**	**-**	**11,542,642**	**121,230,798**	**84,697,727**	**40,883,427**	**7,192,286**
Public Grants							
Standard Bank Sport Development	-	-	-	120,000	120,000	-	-
Total Other Grant Providers	**-**	**-**	**-**	**120,000**	**120,000**	**-**	**-**
Total	**11,542,642**	**-**	**11,542,642**	**121,350,798**	**84,817,727**	**40,883,427**	**7,192,286**